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FBIS-LAT-94-250 *29 December 1994*

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Mexico Complies With Group of Three Agreement Formalities

PA2812034994 Caracas Union Radio Network in Spanish 2200 GMT 26 Dec 94

[From the "Union Radio News" newscast]

[FBIS Translated Text] The Mexican Government has delivered a diplomatic note to the Venezuelan Foreign Ministry, stating that it has complied with the legal formalities for signing the Group of Three Free Trade Agreement. Mexican Charge d'Affaires Juan Manuel Nungaray stated that for his government it was of vital importance to abide by the agreed on dates to begin the economic complementary system. Nungaray explained that although Venezuela and Mexico are oil producers there is a wide range of products that may complement their economies. He added that as the treaty is implemented aspects such as the offering of services and intellectual property will be just as important or even more so than trade.

Mercosur Ouro Preto Protocol Outlined

PY2212173794 Montevideo EL OBSERVADOR ECONOMICO in Spanish 19 Dec 94 p 8

[FBIS Translated Text] The Ouro Preto Protocol

The institutional structure of Mercosur [Common Market of the South] will be composed of the Common Market Council [Consejo del Mercado Comun], the Common Market Group [Grupo Mercado Comun], the Trade Commission [Comision de Comercio], the Economic and Social Consultative Forum [Foro Consultivo Economico Social], the Administrative Secretariat [Secretaria Administrativa] (with its seat in Montevideo), and the Arbitration Court [Tribunal Arbitral] (with its seat in Asuncion).

The Common Market Council, the Common Market Group, and the Trade Commission, which are of a governmental character, will have the competence to make decisions. The other organs are executive or consultative organs.

Mercosur has international legal status, and therefore it will sign agreements with other countries or regional blocs.

Controversies regarding the interpretation, application of, or non-compliance with the resolutions, clauses, and rules and regulations that arise between the member states will be arbitrated through the procedures regarding solutions that were established in the Brasilia Protocol signed in December 1991.

The official languages are Spanish and Portuguese.

The member states will call for a diplomatic consultation when they believe that it is opportune to revise the Mercosur's institutional structure that has been established in this protocol.

The Ouro Preto Protocol will have an indefinite validity and its instruments of ratification will be deposited with the Paraguayan Government.

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Cuba

U.S. Troops Raid Rafters' Camp in Panama

PA2912045094 Havana Radio Havana Cuba in Spanish 0000 GMT 28 Dec 94

[Report by Eddy Zamora in Panama; from the "Evening Information Review" newscast]

[FBIS Translated Text] The rafters' Camp No. 1, located near the Panama Canal, was once again raided by U.S. Armed Forces special troops very early in the morning. This time, five armored vehicles, similar to the ones used during the 20 December 1989 invasion of Panama, burst into the said installations. The U.S. soldiers, with painted faces and brandishing clubs and shotguns, transferred rafter families to other camps and left only single men in Camp No. 1.

A military communique issued by the so-called Safe Haven Operation Command reported that hundreds of U.S. soldiers had accomplished the relocation of the rafter families. U.S. Brigadier General Jim Wilson, who commands this operation, said they had used many soldiers to show the rafters that we will not tolerate any threats to the North Americans and Panamanians who work in those camps and to protect the lives of the rest of the rafters.

A group of national and foreign reporters visited Camp No. 4, where many of the families of Camp No. 1 were relocated, and we were able to find out that the transfer was forced and carried out without the rafters' consent. Rafter Maria Teresa Alvarez told PRENSA LATINA that they are afraid to make statements to the press because U.S. soldiers take reprisals against the rafters who do so later on. She said men, women, and children are very nervous because of the repression and that they are subjected, not only to the intemperate atmosphere, but to the presence of U.S. troops with their painted faces. Alvarez disclosed that the rafters do not have hope or confidence in their future and that they are enduring horrible hardships. She added that they feel like prisoners and that the camps are really prison camps. Many women from Camp No. 1 were threatened with violence by people in Camp No. 4 on the night they arrived. This situation prompted the women to organize a protest in front of the military command of Camp No. 4 and to demand that they take the corresponding measures and give them security.

This has been a report from Camp No. 4, located in U.S. Southern Command military areas in Panama.

General Assesses U.S. Southern Command Strategy

PA2812195494 Havana PRENSA LATINA in Spanish 0222 GMT 27 Dec 94

[FBIS Translated Text] Havana, 26 Dec (PL)—Relocation of the U.S. Southern Command, currently stationed in Panama, in no way represents a change in U.S. policy, which still resorts to "national security threat" justifications to conduct military missions outside U.S. territory.

This theme is included in an article by Jesus Bermudez Cutino, division general of the Revolutionary Armed Forces of Cuba, which reviews the options planned for the future transfer of the U.S. Southern Command to the Caribbean or Central America.

According to the division general, rumors related to relocating the Southern Command, scheduled to depart Panama before the year 2000 under the terms of the Torrijos-Carter treaty, insistently point to Puerto Rico where "top-notch naval and air bases, as well as well-prepared military personnel," can already be found.

Likewise, the military officer's article mentions other possible locations, such as Ft. Benning or Ft. Bliss (in Georgia and Texas, respectively), the city of Miami (state of Florida), and the Soto Cano (Palmerola) Base in Honduras.

The Cuban general points out that Washington "in the event of disturbances" in Puerto Rico, for example, or any other part of the Caribbean could have "troops ready to meet any contingency," despite the fact that the region is not included in the Southern Command's area of responsibility.

The article adds that the U.S. Armed Forces are always ready to get involved in "Just Cause"-type situations to maintain sovereignty concepts that have become "outdated" according to northern hemisphere strategists.

In this respect, the article stresses that the Southern Command "played a key role in the 1960's and 1970's in preparing numerous Latin American military officers who seized power in their respective countries and enforced the vicious repression of their fellow countrymen."

U.S. Citizens Arrive on 'Defiance Flight'

FL2912002294 Havana Radio Rebelde Network in Spanish 1800 GMT 28 Dec 94

[From the "National Radio News"]

[FBIS Translated Text] Over 500 U.S. citizens traveled to Cuba in the past year as participants in the defiance flights organized by the Freedom to Travel campaign. Reporter Ilia Sardinia offers us details on the short flight that arrived last night. Approximately 70 U.S. citizens from various cities, with diverse ideologies and beliefs, are in Cuba to participate in the fourth defiance flight, and to reaffirm their constitutional right to travel. During a news conference at the Cuban Institute of Friendship with Peoples, Walter Turner, spokesman for the Freedom to Travel campaign, presented his reasons for continuing these flights.

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[Begin Turner recording, in English with passage-by-passage translation into Spanish] The first reason to continue these flights is to keep pressure on the United States to change its policy toward Cuba. Whether the Democrats or Republicans are in power, we are going to continue to pressure them to change the policy. It is important to note that over the last 30 years, the U.S. Government Administration has been dominated by Republicans and the policy has not changed. The third and most important reason of all is to be able exercise our constitutional right to travel. [end recording]

Robaina Cites 'Special Relationship' With Arabs

FL2812172694 Havana Radio Rebelde Network in Spanish 1800 GMT 27 Dec 94

[From the "National Radio News"]

[FBIS Translated Text] Foreign Minister Roberto Robaina affirmed that during his recently concluded tour of North Africa and the Middle East, he was able to confirm Cuba's communication capacity, as well as the understanding and respect Cuba has in that part of the world. During a press conference upon his return the evening of 26 December, Robaina said that the Arab and the Cuban peoples have a special relationship, and that Arab history directly links the Cubans and Arabs. He stressed that Arab countries have a great understanding of the Cuban people because they have endured some of the same situations as the Cuban people.

On his diplomatic tour of North Africa and the Middle East, Robaina visited Algeria, Tunisia, Libya, Jordan, Egypt, and Iran. Robaina said that these nations do not want to miss out on the economic opening that Cuba has initiated, and that they are no longer content with the limited scope of the high-level political relationship between Cuba and the Arab world.

EU Donates $12 Million in Aid To Chlorinate Water

PA2512034094 Havana PRENSA LATINA in Spanish 2146 GMT 23 Dec 94

[FBIS Translated Text] Havana, 23 Dec (PL)—Cuba has received from the European Union [EU] a donation of 140 metric tons of calcium hypochlorite, equipment, and accessories to be used in cleaning up and chlorinating the water on the island, it was officially reported today.

The $12 million shipment, which arrived at a Cuban port two days ago aboard the vessel Energy, is the first humanitarian aid sent to the largest island in the Antilles by the EU this year, according to a statement issued by the Foreign Investment and Economic Cooperation Ministry.

The statement said the donation was handled through the Spanish branch of the nongovernmental organization "Medecins Sans Frontieres" in coordination with the National Directorate of Aqueducts and Sewage Systems of the Cuban Hydraulic Resources Institute and the aforementioned ministry.

Health Contracts With Brazil Reach $30 Million

FL2812132894 Havana Radio Rebelde Network in Spanish 1000 GMT 28 Dec 94

[From the "Doing Radio" program]

[FBIS Translated Text] Ramon Sanchez-Parodi, Cuban ambassador to Brazil, has stated that health is the most dynamic element in the relations between Brazil and Cuba and pointed out that this year medicine contracts in the neighborhood of $30 million were signed. Cuba has a health system and infrastructure which Brazil, as large as it is, does not have, therefore, there are numerous requests from different Brazilian authorities for specialized Cuban personnel to work in their ministries, added Sanchez-Parodi.

At the same time, it was announced in Rio de Janeiro that 95 percent of the children included in a meningitis vaccine campaign have received the first doses of the Cuban vaccine. According to Antonio Joaquin Guerner, chief of Rio de Janeiro's Health Secretariat, the success of the first doses of the vaccine for meningococcal meningitis type B and C, makes a good argument to hold the vaccination campaign every year.

Colombian Foreign Minister on Trade Possibilities

PA2812234494 Havana PRENSA LATINA in Spanish 0041 GMT 28 Dec 94

[FBIS Translated Text] Bogota, 27 Dec (PL)— Colombian Foreign Minister Rodrigo Pardo today said that Colombia sees new possibilities in Cuba for trade and other forms of mutual assistance.

Pardo told reporters that the two countries seek to give a new dimension to their bilateral relations based on commercial development. He added that the Colombian Government is closely following the evolution in Cuba's economic situation.

Many Colombian businessmen have traveled to the Caribbean island to analyze investment possibilities there and the oulook is good, Pardo concluded.

Families Accept Land Offer, Relocate To Raise Coffee

FL2912002194 Havana Radio Rebelde Network in Spanish 1800 GMT 28 Dec 94

[From the "National Radio News"]

[FBIS Translated Text] Over 430 families from Santiago de Cuba have returned to the province's mountainous areas since the Ministry of Agriculture authorized the distribution of land in an effort to develop coffee-growing areas. These families work some 300 caballerias

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of coffee in the mountains, and together with the state, the cooperatives, and individual producers, contribute 36 percent of the national coffee production. In accordance with the stipulations of Resolution 149 of 6 September, 1994, the land allocation fulfills the need for this work force, which is highly experienced in the cultivation of coffee.

Raul Castro Inaugurates Causeway, Presents Award

FL2912002094 Havana Radio Rebelde Network in Spanish 1800 GMT 27 Dec 94

[From the "National Radio News"]

[FBIS Translated Text] Army General Raul Castro, second secretary of the Central Committee and minister of the Revolutionary Armed Forces, inaugurated the first phase of the 48-km causeway joining Caibarien and Santa Maria Key. The Campana de Las Villas Contingent was presented the labor feat banner and a replica of the yacht Granma.

[Begin Castro recording] No one could ever comprehend how many tons; or, rather, hundreds, thousands, hundreds of thousands of cubic meters of sweat were exuded in the construction of this 48-km causeway, the longest in the country. [end recording]

At the end of the ceremony, Raul spoke with Villa Clara reporters.

[Begin Castro recording] I am very happy. This year has been difficult, next year will not be any easier, but throughout our history it has been demonstrated, as one of you recalled here—Caibarien was liberated by the Mambises on 26 December 1896, 60 years before the 1958 liberation by Che's, Pablito's, and Vaquerito's troops 36 years ago. [sentence as heard] These are but a few of the milestones that we reap from history in the midst of the great adversities we have faced, particularly in our struggle for independence and sovereignty. We have had to confront formidable adversaries. [end recording]

Raul also inaugurated the expansion of the Gambaito organic farm, which now has 398 new raised beds, for a total of 757, covering 4.5 hectares for vegetable production.

[Begin Castro recording] What you have accomplished together with the contingent and the help of the youth of Caibarien show that yes, it can be done; that the people of Caibarien, Las Villas, and the entire country, working together as you have done here, as the comrades of the contingent who have just accomplished this feat have proven with an effort like this, can do it. [end recording]

At the causeway ceremony, Miguel Diaz-Canel Bermudez, first secretary of the Communist Party of Cuba in Villa Clara, also spoke.

[Begin Diaz-Canel recording] Comrade Minister, we wish to express our satisfaction at having fulfilled our pledge and request that in a highly symbolic manner, you accept this work as a gift on a new anniversary of the triumph of the Revolution. [end recording]

Castro Congratulates Oil Workers for Exceeding Goal

FL2912002394 Havana Radio Reloj Network in Spanish 2045 GMT 28 Dec 94

[FBIS Translated Text] Commander in Chief Fidel Castro has sent a letter to oil workers in Matanzas Province to congratulate them on their efforts in extracting 918,000 tonnes of crude, which has exceeded the annual goal by 30,000 tonnes. Pedro Ross Leal, secretary general of the Cuban Workers Federation [CTC], presented the oil enterprise workers the CTC award banner during a ceremony also attended by Yadira Garcia Vera, first secretary of the Communist Party in Matanzas. Basic Industry Minister Marcos Portal congratulated oil workers and stated that the sector's net revenue currently totals approximately $50 million, and that they will finish 1995 by producing 1.4 million tonnes of crude.

Workers Increase Electric Plant Repair Efforts

FL2912002494 Havana Radio Reloj Network in Spanish 2056 GMT 28 Dec 94

[FBIS Translated Text] Workers in charge of maintenance in the 4th unit of the Carlos Manuel de Cespedes electric plant in Cienfuegos have vowed to complete repairs and have the plant operational before 1 February 1995. Work has slowed due to shortages of spare parts and components needed for quality repairs. Restoration of the 4th unit shows improvements, however, after an 80-day shutdown of the national system. The boiler, which is one of the main parts of the installation, is ready to undergo a chemical wash, which will take five days beginning 30 December.

Service Interruptions at Gas Plants Supplying Havana City

FL2812131894 Havana Radio Rebelde Network in Spanish 0000 GMT 28 Dec 94

[Interview with Carlos Jimenez by correspondent Pepe Suarez, place and date not given; from the "Exclusive" program—live or recorded]

[FBIS Translated Text] [Suarez] Today, at 0900 two very serious breakdowns occurred. One was an [words indistinct] explosion at the Mario Fortuney Gas Plant, in Marianao Municipality, and the other was the beginning of a small fire at the Melones Gas Plant. These are the two plants that produce gas for Havana City. I have here with me Comrade Carlos Jimenez, production manager of the Mario Fortuney Gas Plant.

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Carlos, what happened at the Mario Fortuney plant and what happened at Melones—the beginning of a fire?

[Jimenez] At Mario Fortuney we had the beginnings of an explosion (principio de explosion) which caused the shut-down of both lines, at 0900.

[Suarez] When did Havana City lose its gas supply?

[Jimenez] At 1145 we had to stop service to the city.

[Suarez] Why?

[Jimenez] We depleted our reserves.

[Suarez] What is the situation right now?

[Jimenez] At 1700 one of the lines was put back in service and the other is almost ready to go. At 1845 Melones Gas Plant began providing service.

[Suarez] What reserve is there, right now?

[Jimenez] The amount of reserve gas is growing, but very slowly. We are trying to recover here, in Mariano, to be able to increase reserves.

[Suarez] Notwithstanding these difficulties, there is good news here on "Exclusive" for the people in Havana City. As of 1900, gas was being pumped to all the homes in our city. Does that gas reach all areas or just a few in Havana City?

[Jimenez] That gas reaches everyone. Of course, those that already had existing problems will not receive gas service.

[Suarez] Just one thing, until what time will you be providing service to the people of Havana City tonight?

[Jimenez] Today, we are going to take it as far as our reserve production allows us. I think service should last to 2200, approximately.

[Suarez] Usually, during the early hours of the morning, there is gas in Havana City homes because there are less people cooking at that time of day. Do you think that tomorrow there will be gas during the early hours of the morning?

[Jimenez] Tomorrow morning we are going to do what we do everyday. We are going to maintain the pressure in both lines. That will make gas available to all consumers, who would want service at that time.

[Suarez] I know there is an important valve in very bad condition. What is the current situation? What are the technicians doing right now?

[Jimenez] The valve has been totally reconstructed. Right now, it is being fitted back into place.

[Suarez] What can Havana City expect from tomorrow's gas service?

[Jimenez] Tomorrow, we expect to reestablish normal service, from early morning. If there are no other problems, we will give the people of Havana City normal service tomorrow.

[Suarez] Let's hope so. Good news for our listeners, the breakdowns have been repaired and gas services are expected to be normal tomorrow.

Protestants Gain Greater Access to State Radio

PA2812201394 Havana PRENSA LATINA in Spanish 2258 GMT 27 Dec 94

[FBIS Translated Text] Havana, 27 Dec (PL)—The Council of Cuban Churches [Consejo de Iglesias de Cuba], formed by 24 Protestant institutions and 10 ecumenical movements, will have access to a program of the state-owned Radio CMBF with certain regularity and not occasionally, as has been the case up until now.

In this way, sources consulted by PRENSA LATINA indicated, beginning in January, believers will broadcast from six to seven religious programs a year, a novelty in this country if one bears in mind the secular nature of the state.

Regular access to a state radio station responds to a request by the Council of Cuban Churches which has aired special programs over Radio CMBF during Holy Week and Christmas since 1991.

Headlines Report Various Activities

FL2912024894 Havana Radio Rebelde Network in Spanish 1255 GMT 28 Dec 94

[From the "Doing Radio" program]

[FBIS Translated Text] National headlines: Beginning in January, the Cuban Council of Churches, consisting of 24 Protestant institutions and 10 ecumenical movements, will have access to station CMBS programs on a regular basis, rather than on the current occasional basis.

An important gold vein has been discovered near the Santiago de Cuba copper mine. The vein has an estimated length and depth of 200 meters, with a concentration of 1 gram of gold per ton of extracted material.

The Casa de las Americas Award Conference will be held January 12 through 16; 17 Ibero-American intellectuals will participate.

The efforts of workers at the Costal Ecosystems Research Center in Cayo Coco are very useful for scientific tourism, information exchange, and capitalizing on successes.

Cities, Municipalities Hold UJC Minicarnivals

FL2412192194 Havana Radio Rebelde Network in Spanish 1800 GMT 24 Dec 94

[From the "National Radio News"]

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[FBIS Translated Text] The Union of Young Communists [UJC] is committed to rescuing one of the most festive observances in Cuba as this year comes to a close. The nationwide UJC Victory Minicarnival is barely 24 hours away. Luis Gonzalez Nieto, ideology officer of the UJC national committee, has more for us.

[Begin Nieto recording] Final touches are being made in every province to prepare for the minicarnival. Every major city and every municipality will hold great festivities with diverse entertainment for people of all ages.

In Havana, the carnival will take place in the Malecon area, which we hope will experience better weather by Sunday. The sea is a bit rough right now. We expect more than 15 floats and traditional Havana Carnival dance groups to participate. There will also be a children's carnival from 0900 to 1200, and from 1200 to 1800 there will be a youth festival including varied entertainment. No one will have reason to regret having come. The parade of floats and dance groups will take place from 1500 1800. Between 2000 and 0200, four bands will be playing. [end recording]

Haiti

'Significant Deployment of Forces' 'Still in Place'

FL2912021594 Port-au-Prince Signal FM Radio in French 1130 GMT 28 Dec 94

[FBIS Translated Text] The 26 December incident at Army Headquarters in Port-au-Prince by demobilized Haitian military demanding their overdue pay caused three deaths and six injuries, according to a new assessment published on 27 December by a U.S. military spokesperson. Major Regina Largent explained that all of the victims were former Haitian Armed Forces [FADH] members. According to the spokesperson, one of the wounded succumbed at the general hospital in Port-au-Prince where he had been taken. Two other former military died at the military hospital. Maj. Largent pointed out that a total of 81 active or demobilized military were arrested by members of the multinational force following this incident, and 26 of them were released on 27 December. Fifty-five others remained prisoners at the multinational force's detention center.

Between 400 and 500 weapons were seized by soldiers of the multinational force, most of them from a weapons warehouse at the General Headquarters, the contents of which were confiscated following the incident. This warehouse was uprooted and plundered by a mob on 27 December. A significant deployment of forces, including U.S. armored vehicles and barbed wire barricades preventing pedestrians and vehicles from passing by the neighboring Presidential Palace in the area surrounding Army Headquarters in the Haitian capital, was still in place on 27 December, AFP noted.

National Assembly Convenes To Vote on Budget

FL2912021494 Port-au-Prince Signal FM Radio in French 1130 GMT 28 Dec 94

[FBIS Translated Text] The Haitian presidency called for a special session of Parliament on 28 December to debate and vote on the draft budget prepared by the Ministry of Finance for the Republic, and on the laws pertaining to it. The last special session of Parliament took place on 23 December for ratification of the credit and development agreement and the convention relating to children's rights signed by the Haitian Government and international organizations. The economic agreement was signed with the International Development Association and the one on children's rights was signed with UNICEF of the United Nations. A note from the Ministry of Information and Coordination points out that following completion of the special session of 28 December, the legislative body will continue with the business remaining from the 23 December session.

Lavalas Party Denies Backing CEP Candidate

FL2912021394 Port-au-Prince Signal FM Radio in French 1130 GMT 28 Dec 94

[FBIS Translated Text] The executive committee of the Lavalas Political Organization [OPL] denies having supported the candidacy of Delouis Domond [of the Union for National Reconciliation of the late Dr. Roger Lafontant] as a member of the Provisional Electoral Council [CEP]. The OPL manager's office explains that the support of Domond was a personal initiative by Deputy Patrick Norzeus. The manager's office of the OPL, the political movement closest to President Aristide, warns the people's organizations against any and all manipulations that could result from this confusion. Finally, the executive committee of OPL reaffirms that all the steps it will need to take and all the contributions it will need to make will be based on positions of principle, a spirit of concerted action, and the most authentic transparency.

UPD To Participate in Elections, Criticizes 1990 CEP

FL2912021694 Port-au-Prince Signal FM Radio in French 1130 GMT 28 Dec 94

[Report by Luckenson Jean on news conference by Union of Democratic Patriots, UPD, leader Rockfeller Guerre in Port-au-Prince on 27 December]

[FBIS Translated Excerpt] There are new players in the political arena. The Union of Democratic Patriots [UPD], the party of engineer Rockfeller Guerre, will run in the upcoming elections, Guerre confirmed during a press briefing on 27 December. He warned against possible fraud attempts.

[Begin recording, in Creole] [Jean] On Tuesday, 27 December at 1030 AM, the state mining secretary, engineer Rockfeller Guerre, leader of the UPD, wearing a gray suit with a white shirt and a white mustache, held

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his first news conference since the 1990 elections. Guerre announced his candidacy in the upcoming elections. According to the engineer, it is a duty, a necessity. UPD says it is very concerned about the elections. Otherwise, Haiti, which is in bad shape, will not survive.

[Guerre] The first step to take if one wants democracy is to give the people an opportunity to choose their leader through elections. So we consider elections a duty, a necessity, a must, if we wish to achieve true democracy, representative democracy. Although ideal conditions have not been established, although irregularities have begun with the very formation of this Provisional Electoral Council [CEP], which believes in democracy and elections, gives the CEP members so far.... [pauses] We give them credit.

[Jean] The state mining secretary, speaking in the style of Noah against corruption, asks the CEP for minimal moral credibility and patriotism while severely criticizing the former 1990 CEP that eliminated his party on 26 October 1990 because they in the party did not have a bank statement, whereas the CEP took a $10,000 caution from them, which it never returned. The engineer did not conceal his frustration against irregularities and the bad faith of the CEP. According to the UPD leader, it is the same CEP that gave birth to a great many fake first-class fighting cocks [fo kok kalite], which stabbed democracy in the back numerous times. Parliamentarians without political convictions betrayed the people's cause for their own petty interests. [passage omitted]

The UPD leader said it is because the elections were rigged in favor of the avalanche first-class fighting cocks [kok kalite lavalas] that they themselves were eliminated in the 1990 elections. But the engineer said his participation in the 16 December government [as current state mining secretary] will prevent him from personally running in the next legislative, municipal, and local elections. Anyway, the Bible says: The just will hardly be saved. [end recording]

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Text of EZLN Communique Welcoming Government Decision

PA2912030594 Mexico City LA JORNADA in Spanish 28 Dec 94 p 7

[Communique issued by the Clandestine Indian Revolutionary Committee—General Command of the Zapatist National Liberation Army on 25 December from the southeastern mountains of Mexico]

[FBIS Translated Text] Mexico, 25 December 1994

To the people of Mexico.
To the people and governments of the world.
To the national and international media.

The Clandestine Indian Revolutionary Committee—General Command [CCRI-CG] of the EZLN [Zapatist National Liberation Army] announces the following:

1. A radio broadcast heard on the night of 24 December 1994 informed us that the federal government had officially recognized the National Mediation Commission [Conai] as the mediator between the government and the EZLN. We also found out that the federal government, headed by Mr. Ernesto Zedillo Ponce de Leon, had appointed the Government Secretariat as the executive branch's representative in the efforts to renew the talks.

2. The CCRI-CG of the EZLN welcomes the government's decision to accept Conai as the mediator between the conflicting parties and confirms the EZLN's public recognition of Conai as the channel of mediation between the conflicting parties and as the proper mediator to promote a political peace solution to the conflict with justice and dignity.

3. The CCRI-CG of the EZLN recognizes the Government Secretariat as the representative of the federal executive branch and informs it that any communication from the federal government to the EZLN must be delivered through Conai. The EZLN will only consider official those government positions that are communicated through Conai.

Democracy! Freedom! Justice!
From the Mexican southeastern mountains,
CCRI-CG of the EZLN
Mexico, December 1994
[Signed] Subcommander Marcos

Legislative Mediation Commission Travels to Chiapas

PA2812122794 Mexico City NOTIMEX in Spanish 1933 GMT 27 Dec 94

[FBIS Translated Text] Mexico City, 27 Dec (NOTIMEX)—The Multipartisan Legislative Commission for Dialogue and Mediation in the Mexican State of Chiapas, formed by presidential decree, traveled to Chiapas today to meet with mediator Samuel Ruiz, bishop of San Cristobal de las Casas.

Opposition Senator Luis H. Alvarez, the commission's coordinator, pointed out that the group of legislators will also meet with the members of the National Mediation Commission (Conai) led by Samuel Ruiz. The members of the commission will seek to increase their efforts to help the government and the Zapatist National Liberation Army (EZLN) begin a dialogue that will lead to a stable peace in Chiapas, Alvarez said.

Interviewed after meeting with Government Under Secretary Beatriz Paredes, Senator Alvarez said, "The resumption of the dialogue alone will be a very significant step for reconciliation and the resolution of problems in Chiapas." According to Alvarez, Paredes said, following a meeting with Samuel Ruiz and the members of Conai last weekend, "there are signs" that show the willingness of the parties to resume the peace talks.

Senator Luis Felipe Bravo Mena of the opposition National Action Party (PAN) noted that any efforts to maintain a cease-fire in Chiapas, strengthen the dialogue, and open negotiations to seek peace "will always be timely."

The legislators announced they have a proposal they will only disclose to the members of Conai and that they will await the answer of the EZLN.

The EZLN, which emerged last January, began negotiations with the government at the beginning of March without reaching any concrete agreements and unilaterally broke off the talks last October because it believed that no conditions existed for achieving peace.

The Mexican Army has maintained a unilateral cease-fire since 12 January, which has been endorsed by President Ernesto Zedillo despite the fact that the EZLN has threatened to resume hostilities.

Senator Heberto Castillo of the center-leftist Party of the Democratic Revolution (PRD) said the legislative commission that traveled to Chiapas is seeking to work as a link with the legislative branch. This link would allow the implementation of constitutional legal reforms that are necessary in drafting solutions for problems faced in Chiapas.

The visit by the legislators is taking place after members of the EZLN seized control of 40 airstrips in the mountain and jungle areas of the municipality of Comitan, Chiapas, according to Captain Luis Gomez, of the San Cristobal Air Service Company.

Meanwhile, Chiapas Governor Eduardo Robledo Rincon denied media reports that the state has been militarized.

"We must be very careful when using this term, because the Army has only been deployed in four or five municipalities," Robledo Rincon stated.

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Interviewed during a working trip he made to the municipalities of Reforma and Villa Juarez, Robledo Rincon said the EZLN's demands must be thoroughly considered.

"I believe the conflict did not begin on 1 January. I believe, 1 January was the point at which the conflict worsened," he added.

Robledo Rincon went on to describe as positive Beatriz Paredes' speech to promote dialogue between the government and the EZLN. He reiterated that he will not resign his post as governor unless the EZLN lays down its weapons. "The residents of Chiapas voted for peace, and my duty is to comply with that mandate," he stated.

Agrarian Secretary Announces Land Redistribution Program

PA2912021994 Mexico City Radio ACIR Network in Spanish 1920 GMT 28 Dec 94

[Report by Rosy Ahuatzin; from the "Midday News Panorama" newscast]

[FBIS Translated Text] Agrarian Reform Secretary Miguel Limon Rojas has just read a communique, following a private agreement with President Ernesto Zedillo. New actions will be carried out to seek stability and peace in Chiapas State.

The government of the republic pledges to redistribute land among the Chiapas peasants. Land will be divided into plots when it exceeds the limit established by the law, and disguised [simulados] large land holdings will now disappear once and for all.

Secretary Limon Rojas mentioned five agrarian actions as follows: disguised large land holdings and land hoarding will disappear; land will be turned over to peasants; compensation will be established for ejido and small landowners whose lands were seized during the conflict; and agrarian titles will be issued to guarantee land ownership.

[Begin Limon Rojas recording] According to Article 27 and the Agrarian Law, large land holdings will be divided into plots when they exceed the limit established by law and when they are disguised through the use of fraudulent legal procedures. Even though fraud, of any kind, is not admissible anywhere, it is particularly offensive where inequality and poverty are causing great harm. In any case, proper care will be taken to guarantee that these actions strictly abide by the law and are totally detached from any demagogic plans, which may distort the intent of this pledge. [end recording]

Referring to the illegal hoarding of land or accumulation of ejido lands, an office will be established to handle all complaints, and the corresponding investigations will be carried out.

Talking about this, Limon Rojas said the investigation will include the participation of peasants and the Agrarian Prosecutor's Office. In fact, these actions have already been started. The agrarian reform secretary today announced the first case. The Santa Clara land—5,000 hectares located in Ocosingo Municipality—has been divided into plots, and they will be turned over to peasants, who are mostly Chol, Tzetzal, and Totzil Indians settled in the zone. The action also implies respect for the Lacandona community's rights, he said.

Referring to the distribution of land, he said it will immediately begin with 3,600 hectares that were purchased to meet the demands from peasant organizations. He announced that another 17,400 hectares have also been purchased and will be distributed in January, as soon as legal procedures are completed.

Referring to agrarian needs, the Agrarian Reform Secretariat will instruct the Higher Agrarian Court to settle 1,200 different cases submitted by peasant organizations.

Referring to compensations, ejido and small land holders whose lands were seized during the conflict will receive monetary support. The secretary warned that this support will be limited given the budget's austerity but will include the land located inside and out of the conflict zone, and priority will be given to holders of small land plots.

Referring to the delivery of documents, Secretary Limon Rojas announced that plot ownership deeds and urban plot deeds will be issued. These are basic documents that confirm the landowners' rights and include agrarian rights certificates. They will gaurantee land ownership rights.

He also announced that he will travel to Chiapas State tomorrow to begin these actions, adding that he will not return to Mexico City until this land redistribution phase concludes.

Avendano Comments on Land Redistribution Program

PA2912041594 Mexico City Radio ACIR Network in Spanish 0000 GMT 29 Dec 94

[Report by Juan Carlos Santoyo from San Cristobal de las Casas, Chiapas; from the "Evening News Panorama" newscast]

[FBIS Translated Excerpt] The region of Altos de Chiapas has not yet experienced peace. Four days before the commemoration of the first anniversary of the armed uprising in Chiapas and before the end of 1994, tension and insecurity remain. Although the most recent communiques issued by the government acknowledging the National Mediation Commission [Conai] and by the EZLN [Zapatist National Liberation Army] accepting the validity of the Government Secretariat as the official negotiators have considerably reduced tension in the region, this has not been enough to erase the expressions of fear and uncertainty for the future from the faces of

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the residents. A few hours ago, the special legislative commission returned to Mexico City. Before their return, the members of the commission described as positive the public statements made by the federal government and the EZLN regarding the Government Secretariat and Conai. [passage omitted]

Thus far, the official announcement regarding the redistribution of land in Chiapas has not been entirely accepted—particularly by owners of disguised [simulados] large land holdings and by land hoarders—and statements have already been issued to this effect. Amado Avendano, head of the rebel government in transition [as heard], headquartered here in San Cristobal de las Casas, said that implementing these land redistribution measures will not work, especially because thus far, a peace agreement has not been signed. Avendano stressed that a peace agreement must be signed.

[Begin recording] [Unidentified reporter, in progress] ... all the obstacles for a possible dialogue?

[Avendano] I believe this is only a consequence. Since the agrarian problem in Chiapas is so complicated, the implementation of these measures will have to wait until after a dialogue to lay the foundations for peace is achieved. It how many owners appear on the records, despite the fact that one single organization exploits the land. Another instance is the presidential resolution that was issued 57 years ago here in Amatenango, but was never executed. Then again, there are several peasant groups within the same territory. All of this complicates the situation very much. Therefore, we must first lay the foundations for a dialogue. [end recording]

Almost every newspaper in Chiapas published a communique by the Chiapas People's Civic Front addressed to the Clandestine Indian Revolutionary Committee—General Command of the EZLN. The Chiapas People's Civic Front, which supports the EZLN's cause, presents several points outlining the next agenda for negotiation and the timetables that must be met for this purpose. This organization points out that the timetables must be expeditious, and above all, precise timetables must be set to resume talks with the government.

A fifth point in this communique drew our attention. This fifth point, titled On the Political Role of the EZLN, reads as follows: We propose that the EZLN participate in state and national politics as a political organization or party. For this purpose, the Chiapas People's Civic Front—made up of men and women from various sectors of the increasingly pluralistic society of Chiapas—offers the EZLN the alternative to participate and join a political project with our organization. The Chiapas People's Civic Front expresses the fact that it will continue supporting the EZLN's struggle, but it urges the EZLN to resume talks and especially, to assume a role as a political party—if necessary—to participate in the internal politics of Chiapas.

Banks Begin To Suspend New Loans, Tighten Credit

PA2812200394 Mexico City EL FINANCIERO in Spanish 27 Dec 94 p 5

[Report by Georgina Howard]

[FBIS Translated Text] Mexican banks have begun to suspend, albeit temporarily, the authorization of new mortgage, automobile, recapitalization, and equipment loans, as well as the approval of credit cards, because conditions for the approval of this type of financing "will be quite different" in 1995.

This has been decided at meetings held since last week by mortgage department directors of various banks in the country. In these meetings, they also analyzed the policies these institutions will follow regarding delinquent clients, the outlook for interest rates, and progress achieved in debt renegotiation programs.

Sources close to the meetings confirmed and revealed to EL FINANCIERO that, effective January, different kinds of credit offered by banks will see their annual rates double from the levels registered prior to the peso's devaluation as a result of the uncertainty prevailing in Mexico's financial market.

Referring to requests for credit received by banks after the peso began to float, the sources said these requests have been put on hold "until further notice," because each institution will analyze and define, on an individual basis, the future viability of these loans to establish the interest rates they will charge new users of these credit lines.

According to one banking analyst, if Mexican banks fail to establish flexible policies for granting loans, taking into consideration the conditions now prevailing in the country, banking credit will "again become unreachable" for many Mexicans.

Within the framework of meetings held by these directorate members, they agreed, also on an individual basis, to increase fees for services rendered by all banks, as well as the commissions for opening and handling accounts, checking accounts, and credit cards.

Francisco Castro de la Cruz, president of the National Card Holders Association, said the National Bank Users Organization, the Finance Secretariat, and the ABM [Mexican Association of Bankers] will review the banks' payable accounts on 4 January, because credit associations "will pass on their dollar brokerage costs" to all of their users.

He said they will also discuss the organization's payment rules submitted to Humberto Roque Villanueva, chairman of the Chamber of Deputies' Grand Commission, stating debtors should pay according to their income, the government should assume part of the loans acquired before reprivatization, and banks should also cover another part by charging it to their reserves.

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The sudden announcement of the peso's devaluation forced many bankers to suspend their December vacations and, instead, examine the market's conditions and oversee their banks' operations. Mexican banks' business with foreign investors has declined more than 30 percent over the past three days.

Likewise, some ABM Committee members admitted that foreign banks' admission into the organization will be postponed because the quota was defined in dollars. They also noted that plans for the establishment of a credit bureau "will have to wait," because investments negotiated with two foreign enterprises were budgeted under a different exchange rate. Moreover, some foreign banks' representatives argued "it is not viable" to pay an ABM admission quota until their future position is confirmed. This is proved by the fact that some banking institutions postponed the inauguration of branches scheduled for the first quarter of 1995.

One of the bankers commented: The start of negotiations may be suspended "indefinitely" if investors' mistrust in Mexico's future continues.

In other matters, executives we interviewed noted that 50 percent of those national credit organizations that conduct operations abroad "have seen their stock prices drop," and almost all holdings [previous word published in English] face serious problems in their foreign currency coverage.

In addition, seven of the strongest finance groups in the country that had expected to place stock early in 1995—for example Inverlat, Invermexico, Banacci, Interacciones, Inbursa, Bancrecer, and Bital—have suspended these plans given the mistrust that these movements have created among foreign investors.

Specialists of the Interacciones Finance Group, led by Carlos Hank Rohn, do not rule out the risk of having Mexico leave the capital markets until the government establishes clearer lines on the future of its economy.

Exchange Rate Measure Leads to Price Increases, Closures

PA2912033994 Mexico City UNOMASUNO ("ECONOMIA" supplement) in Spanish 27 Dec 94 p 1

[Report by Lourdes Sierra Arenas]

[FBIS Translated Text] The freeing of the dollar exchange rate to market forces continues to affect the prices of products and services, showing up to now a 20-percent increase. This has forced 150 businesses to close in northern Mexico.

The Office of the Federal Attorney for Consumers (Profeco) has stated that business activity in Mexico City is normal because the pact's [Pact for Well-Being, Stability, and Growth] price freeze is being respected. Price changes, however, are taking place mainly in the U.S. border area. In Nuevo Leon State, 90 businesses have closed down, and another 60 have closed in Tijuana City.

Profeco added that these price changes take place mostly among street vendors, against whom action regrettably cannot be taken because there is no fiscal registry. Nevertheless, Profeco believes that this problem can be corrected if federal district authorities, the appropriate political delegations, and the Finance and Public Credit Secretariat arrive at an agreement and institute a program.

To this effect, Arturo Lomeli, president of the Mexican Association of Studies for Consumer Protection [Asociacion Mexicana de Estudios para la Defensa del Consumidor—Amedec], said that price changes have taken place mostly in the small and medium-sized businesses. What is most serious is that the increase in prices for imported goods can be as much as 50 percent, such as in the case of toys.

Lomeli explained that between 5 and 24 December, a total of 49,535 complaints were handled. The complaints are basically concerned with price changes in cooking oil, groceries, telephones, airline contracts, and electric power consumption, he said.

He said that as a result of actions instituted for the December holidays, and more so because of the pact that establishes no price increases for 60 days, Profeco has stated that up to now, 2 million new pesos has been recovered for consumers. Arturo Lomeli explained that the freeing of the dollar exchange rate in the financial markets caused such a hysteria that certain products were in high demand and became scarce in certain self-service stores, such as in the case of electric home appliances like television sets, audio equipment, and computers.

Secofi, Private Sector Reject Price Controls

PA2912044194 Mexico City UNOMASUNO in Spanish 28 Dec 94 p 2

[Report by Lourdes Sierra Arenas]

[FBIS Translated Text] The Commerce and Industrial Development Secretariat [Secofi] and the country's private businesses have rejected the idea of returning to price controls, since freezing them is only a temporary measure. At the same time, industry representatives stressed that this is the not the proper time to raise salaries, since that would be harmful to the economy.

Commerce and Industrial Development Secretary Herminio Blanco Mendoza stated that the public sector is bound for 60 days to the price truce, which is why the prices of goods and services it provides will not go up.

The official made those remarks during a meeting he held with Canirac [expansion unknown] members who

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cited this as the reason why they are asking the authorities not to allow any more tax increases.

The leader [not further identified] said that the members of his organization met with the Secofi head and told him that the freeing of the dollar exchange rate is causing imbalances in the sector. For that reason, they requested the implementation of measures to lift or temporarily eliminate tariffs on basic import products and special financial assistance for companies. Along these lines, Jorge Kahwgi Gastine, president of the Mexican Institute of Small and Medium-Sized Companies, stated that any wage increase now would be harmful to workers and the economy of the country. At a news conference, the business leader explained that the goal is to make economic growth itself contribute to the rise in wages.

He felt that freeing the dollar exchange rate in the financial market did not foster a lack of credibility in the country's economic conditions, since the prestige of the nation is based on an economic plan that will yield positive results next year, such as a 4-percent growth and the creation of 500,000 jobs.

He also said commercial banks needed to begin a renegotiation of the debt of small and medium-sized companies, since that would contribute to the reactivation of this productive sector.

Bank of Mexico Announces Penalties for Speculators

PA2912043194 Mexico City EL FINANCIERO in Spanish 28 Dec 94 p 4

[FBIS Translated Text] The Central Bank of Mexico yesterday decided to increase the penalties on those private banking institutions found to be guilty of overdrafting their limits with the government's master account at the Bank of Mexico, just to take advantage of the devaluation of the peso. The measure comes as the government announced the implementation of an emergency plan.

The Bank of Mexico sent a note to all banking institutions operating in Mexico to inform them of the measure, stating that the increased penalty for noncompliance on the part of these intermediary financial institutions goes into effect immediately.

The note explained that, if such overdrafts should occur, the Bank of Mexico will impose a fine chargeable to the balance the offender holds in the master account. The amount of said fine will be the result of tripling [multiplicar por el factor de tres] the Cetes [Treasury Certificates] annual yield rate, taken from the primary placement offer [colocacion primaria] issued immediately prior to the date of the overdraft—which is equal to the discount rate. This percentage figure would be applied to the amount of the overdraft and the resulting figure would then be charged to the offender's account.

The Finance and Public Credit Secretariat said the measure comes as a preamble to what will be an Emergency Plan directed at dealing with the crisis. The plan will be announced shortly. The secretariat said the plan "will counter the disorder that has begun in an effective, in-depth, and rational manner."

The note was signed by the Legal Department Chief Javier Arrigunaga, Operations Department Chief Alfonso Garcia Tames. It states that the measure was taken based on Article 7, Sections II and III of the Mexico Bank Law.

The decision was adopted after private banks began to register overdrafts in their operations, because the elimination of penalties became cheaper and, in contrast, increased their revenues through speculation.

In this manner, the Bank of Mexico yesterday increased the penalties on balances of overdrafts incurred by commercial banks by up to three times the cost of the Treasury Certificates (CETES).

The measure adopted by the Central Bank was due to the fact that the interest rates will register a significant increase and, therefore, will exceed the current "penalties" on banks that incur overdrafts in their portfolio.

In this regard, Central Bank officials asserted that said decision resulted from the fact that since Banxico [Bank of Mexico] is "the bank of banks," as it controls the current account of banks, it must protect itself to avoid overdrafts. Otherwise, said overdrafts would have to be covered by the printing of currency.

And this is precisely what authorities are trying to avoid with the increase in penalties, because printing more currency would result in higher inflation, which up to now has been so hard to fight.

They explained that overdrafts occur when checks from a specific bank are paid or charged to the account of another institution in an amount exceeding its portfolio. Said checks are deposited at the end of the day in the clearing house.

This transfer must be maintained within the limits of each institution's portfolio because, otherwise, overdrafts will be incurred. Said overdrafts, in real terms, represent the granting of credit.

However, they remarked that since the Central Bank has no deposits, the overdrafts must be paid for by the issuing of bonds (in pesos or other currencies). This is very serious because it might spark inflation once more.

As a result, the Bank of Mexico decided to increase penalties on overdrafts against the government's master account to discourage banks from speculating.

Up to now, the banks incurred overdrafts because the penalties were cheaper than the benefits they obtained.

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Government Promises Support for Small, Medium Enterprises

PA2912043594 Mexico City EL FINANCIERO in Spanish 28 Dec p 12

[FBIS Translated Text] The Commerce and Industrial Development Secretariat [Scofi] promised greater support for small and medium enterprise participation in the country's export projects. Current support plans will be enhanced and additional measures will be taken in accordance with the current situation.

The secretariat stressed that greater emphasis will be given to special areas of Asian, European, and American markets in which the products of these Mexican enterprises prove to be highly competitive.

The agency cited the cases of textiles, clothes, shoes and other leather products, wooden furniture, food, beverages, and others.

According to Secofi, qualified and specialized groups will receive greater support, in order for these new exporters to attack these special market areas and work their way into new markets.

This means placing special attention on financing, technology, marketing, design, packaging, and distribution.

The government entity offered greater clarity and precision in the process of classifying merchandise.

Along the same line, the announcement listed several specific measures taken to improve export-related operating conditions for these enterprises.

The import duty structure has also been examined and amended where necessary, aiming to guarantee competitiveness, in light of the U.S. and Canadian import duty structures.

In doing so, the government has allowed local producers to have access to raw materials and capital goods from outside the North American region, under conditions that will ensure competitiveness abroad.

Electoral Tribunal Cancels Registration of 3 Parties

PA2812170294 Mexico City NOTIMEX in Spanish 0220 GMT 26 Dec 94

[FBIS Translated Text] Mexico City, 26 Dec (NOTIMEX)—The Federal Electoral Tribunal (Trife) of Mexico today announced the cancellation of the registration of three political parties after they failed to obtain a minimum number of votes in August's general elections. The Popular Socialist Party (PPS), the Authentic Party of the Democratic Revolution (PARM), and the Mexican Democratic Party (PDM) will become organizations lacking official registration because they failed to obtain 1 percent of the votes in August, as established by law.

In a public session, the Trife magistrates ruled that those parties failing to obtain 1 percent of the vote "cannot be granted the privileges or be subjected to the obligations of public entities." The PPS, PARM, and PDM "can no longer remain sanctioned public entities, and, therefore, their registration as political parties must be considered null," the magistrates decided.

In their dissenting statements, the parties said the tribunal "was not duly empowered" when it issued the ruling, because it did not include Arturo Nunez Jimenez, director general of the Federal Electoral Institute.

Meanwhile, Trife Central Council Chairman Fernando Franco Gonzalez said the ruling precludes the possibility of writs of amparo being filed by any of the parties that lost their registration. Article 35 of the Federal Penal Institutional and Procedural Code states that parties must obtain at least 1 percent of the total votes cast in federal elections to enjoy sanctioned rights, privileges, and obligations.

Alfredo Reyes Contreras, electoral secretary of the PPS, a left-wing party founded in 1960, said "an abuse, an illegal decision, has been consummated" with the resolution's approval. In a brief interview, Reyes Contreras said the PPS will not disappear despite having lost its registration, adding that he will continue to uphold the Marxist-Leninist doctrine along with his fellow party members.

Francisco Lupian, spokesman of the PDM, a social Christian party founded in 1971, said the affected parties' appeals were not taken into consideration, but he admitted that his organization failed to get 1 percent of the votes in the latest elections.

Business Leaders Cited on Peso Devaluation

PA2312231494 Mexico City EL FINANCIERO in Spanish 21 Dec 94 p 8

[Report by Miryam Hazan, Jesus Sanchez, Salvador Rico, Isabel Becerril, Leticia Rodriguez, Lourdes Gonzalez, and Gerardo Flores]

[FBIS Translated Text] Jorge Salim, president of the Mexican Exchange House Association, said the measure to adjust the exchange rate by 15 percent is intended to guarantee the entry of capital needed in 1995 to finance the current balance of payments. About $30 billion needs to enter Mexico next year.

He explained that broadening the range of the flotation rate is no surprise and must not be considered a speculative adjustment. This move is necessary to carry out next year's economic program. Nevertheless, he warned that the lower and upper ceilings in the Bank of Mexico's [Banamex] flotation range are very broad, "making sudden fluctuations possible."

Business Coordinating Council President Luis German Carcoba Garcia said broadening the peso's flotation

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range will provide additional room for maneuvering and that its impact will depend on how various economic factors react in the face of the current skittishness in Mexico. He suggested that the various sectors of the country remain calm and make decisions in a prudent and reasonable manner to defend and bolster all of the economic variables that have been affected so far. One must retain a long-term view, because Mexico will resolve its problems, and the best way to accomplish this is through dialogue.

Canacintra [National Association of Manufacturers] President Victor Manuel Terrones said the decision to raise the ceiling of the peso's flotation range will allow the peso to remain competitive, and it will also prevent the sudden use of our international reserves to stem speculation and nervous purchases in exchange markets. He called on investors to remain calm and prudent and to stay the course, noting that the economy remains basically solid.

Concamin [Confederation of Industrial Associations] President Fernando Cortina Lagarreta said increasing the upper limit of the peso's flotation range is simply a measure that gives Banamex greater flexibility in dealing with other financial institutions. He noted that the ratification of the Pact for Well-Being, Stability, and Growth is proof of the renewed efforts to which all sectors of society have agreed, adding that we must avoid movements that can destabilize Mexico.

Alberto Tiburcio Celorio, president of the Mexican Institute of Public Accountants, said that although it is difficult to predict whether the 1995 economic forecasts will change because of the peso's devaluation, it is obvious that this decision will increase production costs, especially for importers. He said an adjustment in the rate of exchange is the first step toward greater liquidity problems for corporations, costlier credit, and the possibility of falling short of 1995 targets.

Salvador Lopez Negrete, president of the Mexico City Chamber of Commerce, believes this measure will combat speculation within the Mexican exchange market and will protect both businesses and individuals who require foreign exchange for their operations.

The change in the national currency's range is an economic tool used by other more developed nations. Nevertheless, broadening the flotation range is only "an aspirin" in the face of the economic imbalance that threatens the country's political stability, private sector economists admitted.

Consultant Rogelio Ramirez de la O, who holds a doctorate in economics, explained that, aside from political stability, key economic indicators showed an inherent weakness in the exchange rate. He believes that the broadening of the exchange rate's range should have been implemented earlier, when the peso was at its strongest, which would have enabled the measure to take effect in a more positive climate.

He explained that the current administration inherited from the previous government an exchange rate that allowed very little room for maneuvering, and to this one must add a market concern for the financing of Mexico's current balance of payments.

He insisted that the measure was a good move and should have no impact on inflation. Salaries must be prevented from skyrocketing to prevent price increases and subsequent hikes in interest rates, and the government must also prevent foreign investors from coming under pressure, because they currently have about $25 billion invested in the money market and another $45 billion in the stock exchange.

Meanwhile, voicing various views on the same subject, PRI legislators in the Chamber of Deputies kept shouting the line: "The devaluation does not exist." Nevertheless, opposition representatives interpreted the "adjustment in the flotation range" as a true devaluation.

What disturbed PAN [National Action Party], PRD [Party of the Democratic Revolution], and PT [Labor Party] legislators the most was the fact that the measure was announced by Serra Puche "in the darkness" of the predawn hours—a move they termed "a financial stunt forged at dawn."

PRI deputies led by Humberto Roque Villanueva, Francisco Suarez Davila, and Jesus Rodriguez insisted that the measure resulted from the Chiapas problem. They explained the situation should not cause distress, adding that it will not be necessary to modify the budget blueprint. In case there was an unexpected event, there are budget allotments to confront the differences.

Meanwhile, PAN, PRD, and PT lawmakers stated that the peso devaluation was real. They termed the move a devaluation by the government which is using the problems in Chiapas to cloak its economic policy blunders. According to them, this is a financial stunt forged at dawn.

Senate Finance Commission Chairman Carlos Sales Gutierrez denied that the slide in the exchange rate represents a peso devaluation. Nevertheless, he did not rule out that, because of the prevailing nervousness, there are people who will try to speculate and "bet against the peso," but those making such bets will lose.

The expansion of the monetary flotation range, the former secretary of finance explained, must not be viewed as a devaluation but as a necessary step to counteract the instability generated by the conflict in Chiapas. The temporary nature of this measure, he said, will depend on whether there are signs of a peaceful solution to the problems in that southeastern state.

Foreign bank representatives accredited in the country asserted that the peso devaluation was already "a foreseeable measure" because the peso was already coming

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under heavy pressure. The case of Chiapas, they explained, was simply another pretext to implement the measure.

Officials from Chemical Bank, Chase Manhattan, the Bank of Tokyo, and the Royal Bank noted that the first effects of the expansion of the range will be a sudden increase in foreign debt interest, an increase in the trade deficit, and an upswing in interest rates.

Meanwhile, private sector analysts stated that for the time being this can be considered "a strategic move that will not affect international reserves through speculation, but it will affect those who bet on the dollar." The effects of this measure will depend on how the conflict in the southeastern part of the country evolves.

In addition, analysts said the impact of this measure on production costs, inflation, or foreign trade activity cannot be evaluated, because it will take two weeks before the real effects of this measure on the national economy can be assessed.

Roundup of Economic Developments

PA2612202394

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 26 December.

According to a 12 December, Nogales-datelined item, foreign investors installed 71 assembly plants in Mexico during 1994, bringing the total number of companies of this type in the country to 2,300, confirmed the vice president of the National Council of Assembly Plants. The increased number of plants in Mexico during the year demonstrates "the trust foreign investors have in Mexico," he has said. The principle capitals come from the United States, Canada, Korea, China, Taiwan, Hong Kong, and Europe, and the companies are devoted to electronics, automobile assembly, and the manufacture of medical equipment and toys. (Mexico City NOTIMEX in Spanish 1851 GMT 12 Dec 94)

Carlos Ruiz Sacristan, new general director of PEMEX (Mexican Petroleum), has reinitiated the restructuring program of the company's personnel with the dismissal of 2,000 temporary employees, primarily in the administrative areas. The program includes the dismissal of more than 20,000 workers in the coming years according to PEMEX sources. (Mexico City UNOMASUNO in Spanish 12 Dec 94 p 8)

This year has been quite difficult for the nation's banking sector, contrary to estimates. Net revenues of 28 credit institutions at the end of the third quarter of 1994 reflected a negative variation of 15.8 percent, while the accounts in default grew by 64.8 percent during the same period due to scarce economic growth, high financial costs, and the lack of momentum in the domestic market. (Mexico City UNOMASUNO in Spanish 13 Dec 94 p 1)

The Mexican Action Network Regarding Free Trade (RMALC) has stated more jobs have not been generated almost one year after implementation of NAFTA. In the manufacturing sector, 74,000 jobs were lost from January-April. RMALC has stated imports are literally substituting local production; therefore, thousands of small- and medium-size industries are closing down. (Mexico City REFORMA in Spanish 13 Dec 94 p A-27)

According to Bank of Mexico statistics, $397.3 billion in resources came into the nation during President Salinas' administration and up until 30 June 1994, while $388.8 billion left, mainly due to imports. Meanwhile, the bank has stated interests amounts paid by Mexico for the foreign debt totaled $52 billion up to 30 June. That amount is not much less than the $57.5 billion paid during the administration of former President Miguel de la Madrid. For every $1.46 imported during the past administration only $1.00 was exported. (Mexico City UNOMASUNO in Spanish 13 Dec 94 p 1)

According to a 13 December, Mexico City-datelined report, PEMEX registered an 8.8-percent increase in the manufacturing of petrochemical products during the period January-October compared to the same period last year. (Mexico City NOTIMEX in Spanish 0249 GMT 14 Dec 94)

Within the budget disciplinary framework, the energy sector will disburse in 1995 approximately 53.5 million new pesos, a 4.7-percent growth compared to 1994, while investment spending will indicate a 10-percent annual increase. The disbursements will be used to modernize productive plants and to efficiently meet internal demand. Hydrocarbon exports are expected to be upheld in the foreign sector. (Mexico City EL FINANCIERO in Spanish 14 Dec 94 p 9)

The Mexican-European Union Business Council has estimated European investments in Mexico could grow by 15 percent by next year. The council will support small- and medium-size Mexican industries so that many of the products currently imported through European investment and technology will be locally produced. Anthony H. Davies, cochairman of the council, has said a computer center (Eurocentro) will operate shortly to provide Mexican companies seeking European partners and information. (Mexico City REFORMA in Spanish 14 Dec 94 p A-31)

According to a 17 December, Mexico City-datelined report, government sources have reported Mexican exports to the United States grew by 25 percent and by more than 30 percent to Canada during the first nine months of the year. The sources have stated semimanufactured products of iron and steel were the sector with the highest increase, 320.4-percent during the same period in 1993. (Mexico City NOTIMEX in Spanish 0012 GMT 17 Dec 94)

According to a 17 December, Mexico City-datelined report, over the past six years, the European Union (EU)

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has become Mexico's second largest foreign investor, recording a 17.7 percent average annual growth rate in terms of investments. Direct U.S. and Japanese investments in Mexico in this same period increased at average annual rates of 12.8 and 8.8 percent, respectively. A document released by the EU in Mexico City notes that foreign investments in May totaled $45 billion, adding that 19.6 percent of this came from the UK, Germany, France, Spain, the Netherlands, and Italy. The document adds that the EU invested $4.269 billion between 1989 and May 1994, which represents 20.2 percent of all foreign investments in Mexico. Information from the Commerce Secretariat on overall foreign investments between 1989 and May 1994 shows the main EU investors were the UK (32.2 percent), France (19.9 percent), the Netherlands (16.5 percent), and Germany (16.1 percent). Meanwhile, the EU contributed 30 percent of all new investments in Mexico in the first five months of 1994. (Mexico City NOTIMEX in Spanish 0327 GMT 18 Dec 94)

The influx of foreign currency via foreign investments in the stock market decreased 69 percent during 1994, declining $12.685 billion. Information from the Mexican Stock Exchange shows that only one-fifth of the amount of foreign currency invested in stocks in 1993 was available as of 23 November, declining from $18.35936 billion to $5.67429 billion. In terms of 1994 stock holdings in Mexican companies, foreign investors bought $14.9 billion worth of shares, which is down 62.5 percent from the amount purchased in 1993. The information shows that $46.1648 billion in foreign currency has entered the country through the Mexican Stock Exchange since 1991. (Mexico City LA JORNADA in Spanish 19 Dec 94 pp 48, 30)

According to a 20 December, Mexico City-datelined report, the Commerce Department has reported that Mexico has obtained its first monthly trade surplus with the United States. In October 1994, Mexico sold $4.589 billion worth of goods to the United States, while purchasing U.S.-made goods worth $4.5 billion, thereby profiting $89 million. (Mexico City NOTIMEX in Spanish 1716 GMT 20 Dec 94)

According to a 21 December, Mexico City-datelined report, the Commerce Secretariat has announced that Mexican exports to the United States increased by 22.7 percent over the first 10 months of 1994 when compared to the same period a year earlier. The Commerce Secretariat added that Mexican sales to the United States increased 22.8 percent in October alone when compared to the same month in 1993. (Mexico City NOTIMEX in Spanish 1650 GMT 21 Dec 94)

On 18 December, Mexican Petroleum (Pemex) reported 317,900 barrels of crude oil were exported on a daily basis between January and October, earning $5.464 billion in revenues. The report reveals that crude oil sales were conducted in three geographic regions—the United States (73.3 percent), Spain (11.7 percent), and the Far East (6.1 percent). The average per-barrel price for three different types of Mexican crude oil were as follows: Istmo (light) $15.15, Maya $12.33, and Olmeca (extra light) $16.16. An average of 188,400 barrels of Istmo crude and 812,600 barrels of Maya crude were sold per day during the period, earning $865 million and $3.42 billion in foreign currency, respectively. (Mexico City UNOMASUNO (ECONOMIA supplement) in Spanish 19 Dec 94 p 5)

According to a 20 December, Mexico City-datelined report, Pemex has announced that revenues collected from January to October 1994 amounted to $1.110 billion. During the period, Pemex sold 975,100 tons of petrochemical products, 7.6 percent more in sales and 22.8 percent more in revenues when compared to the same period in 1993. Pemex sold 1.5002 tons of ammonia, and the sales of methanol and other petrochemicals increased significantly over the 10-month period. (Mexico City NOTIMEX in Spanish 1808 GMT 20 Dec 94)

According to a 20 December, Mexico City-datelined report, the National Minimum Wage Commission on 20 December reported that Mexican minimum wages will increase by 10 percent beginning on 1 January 1995. The new daily minimum wages are as follows: 16.34 new pesos (more than $4.70) in Geographic Zone A, 15.18 new pesos ($4.11) in Zone B, and 13.79 new pesos (more than $3.80) in Zone C. Zone A includes Mexico City and its metropolitan area, Baja California, Acapulco, Cuidad Juarez, Nogales, Matamoros, and Coatzacoalcos. Zone B includes Guadalajara, Monterrey, Tampico, Hermosillo, Cuidad Mante, and Poza Rica. Zone C includes the states of Aguascalientes, Chiapas, Guanajuato, Queretaro, Quintana Roo, Sinaloa, Tabasco, Yucatan, and Zacatecas, as well as others. (Mexico City NOTIMEX in Spanish 1919 GMT 20 Dec 94)

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Costa Rica

Cubans Using Costa Rican Flights To Enter U.S.

PA2812184994 Panama City ACAN in Spanish 1624 GMT 28 Dec 94

[FBIS Translated Text] San Jose, 28 Dec (ACAN-EFE)—Over the past two weeks, at least 15 Cubans using false passports have entered the United States illegally on flights from Costa Rica. This was announced in this capital today by an airline that flies the San Jose-Miami route. The airline, which requested anonymity, demanded an "urgent investigation" by Costa Rican authorities.

Sources within the Costa Rican Government Ministry, which controls the Immigration Directorate, confirmed the report, saying: "The airline is greatly affected, because every time something like this happens, it is fined by the U.S. authorities." According to the officials, Cubans are arriving in Costa Rica and paying large sums of money to obtain false passports. Once they do, they complete the paperwork to fly to Miami.

"Once they set foot in the United States they cannot be deported because legislation protects them," Deputy Government Minister Jorge Araya explained. He added: Nevertheless, the airline used by the illegal immigrants is fined, even though it is unaware of what has happened.

Our source said: "This week we will begin investigations to find out how the passports are being obtained, and we will also carry out operations to try to prevent the islanders from continuing to use this system to enter the United States from Costa Rica."

El Salvador

Calderon Sol on U.S. Aid, Peace Process

PA2812163194 San Salvador Radio Nacional de El Salvador Network in Spanish 1626 GMT 27 Dec 94

[News conference by President Armando Calderon Sol with domestic reporters and moderated by an unidentified Presidency spokesman, following a ceremony at which the government received helicopters donated by the United States, at Ilopango International Airport in San Salvador—live]

[FBIS Translated Text] [Presidency spokesman] Well, Gentlemen, we are ready to begin the news conference. The president's answers will be very brief. Let us begin with Gerardo Lopez of LA PRENSA GRAFICA.

[Lopez] Good day, Mr. President. This morning the U.S. ambassador said aid to the Salvadoran Government may decline next year. How might this affect the Salvadoran economy?

[Calderon Sol] Indeed, U.S. aid has been declining and will continue to decline even more. This has been taken into consideration in the nation's budget and in the country's development plans. There will undoubtedly be adverse effects from the loss of this aid, which was vital to the country, but we have replaced it with a certain amount of aid and financing obtained through the Inter-American Development Bank [IDB] and the World Bank.

It should also be noted that it has become standard U.S. policy to reduce aid to all countries on the continent and in other parts of the world. This was an internal U.S. policy decision; nevertheless, we have taken advantage of the opportunity to gain access to organizations such as the IDB and the World Bank, which have opened their doors to our country. We have therefore replaced U.S. aid with financing from the IDB.

[Presidency spokesman] Tony Cabezas of the "Telepress" newscast.

[Cabezas] Mr. President, I would like to pose the following question: Why is another government assisting the Interior and Public Security Ministry by offering helicopters and aircraft? Why is such assistance not provided by our country's Air Force or the Armed Forces, which have helicopters stationed in the area? I know such aid has been received by the Interior and Public Security Ministry on certain occasions, but why [words indistinct]?

[Calderon Sol] No, these helicopters have been offered as a donation to the Salvadoran Government and the Presidency. The president has decided to give a certain number of aircraft to the Interior and Public Security Ministry, with whose needs we sympathize. You saw the U.S. ambassador support, on behalf of the U.S. Government, the decision to give these helicopters to the Interior and Public Security Ministry.

These helicopters—two aircraft—will be used to guarantee public security. Other aircraft will be given to the Air Force and CEL [Lempa River Hydroelectric Executive Commission]. We will also see what other institutions need aircraft.

You may wonder why Air Force aircraft are not used. The fact of the matter is that these aircraft can indeed be used, and the Air Force is quite capable of reacting immediately in response to a natural disaster or an attack against our sovereignty. This is part of the duties of the Air Force, as well as those of the Army and the Armed Forces. The Air Force also defends our territory and national sovereignty and exerts control over Salvadoran airspace.

The fact that Air Force helicopters and aircraft are parked on the tarmac shows that they are being used, because they are serving the institution and the Armed Forces.

[Presidency spokesman] Eleonora Sanchez of "TCS News" will ask the next question. Oh, she is not here. Well, then Mario Jovel of the "Up-to-Date" newscast will take the floor.

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[Jovel] Mr. President, at your inauguration you pledged to promote consensus in the country. I would like to know whether this policy has been implemented, and what means to build consensus you have implemented over the past six months?

[Calderon Sol] Creating the means to build consensus has been a policy of this government. You have seen how we have been seeking to reinforce the nation's institutions and, at the same time, paving the way to building a permanent consensus in the country. You have seen how the government of the Republic has taken clear steps. The debate in the Legislative Assembly is an example of this. You have seen how the Legislative Assembly has acted: seeking consensus, conducting a very fruitful debate within the assembly. You have seen how laws have been debated. Many people say: Well, the government has the majority. It does not—but if it did, we would always hold open debates. Even though at times we have had a majority to approve one law or another, we have preferred to seek consensus. Proof of this is the national budget.

You have seen how we appointed an independent Supreme Court of Justice based on the consensus of all political forces. The Salvadoran people are witnessing clear efforts to seek consensus so as to achieve national and political stability and to reinforce peace. We have pledged not only to consolidate peace but to attain the social peace we have mentioned—a social peace that entails facing the problems of poverty, education, and health; generating employment and welfare for all; and creating a nation of opportunity for all. It is social peace that engenders political stability, as well as economic and social gains.

In this respect, we are proud that the things we have done these past six months are very clear, and are there for all Salvadorans to see. We have sought to consolidate national reconstruction and the peace that has cost us, the Salvadoran people, so dearly. Seeking and consolidating this peace has been part of a permanent effort by the government, and proof of this can be seen in the steps the government has taken in the search for national consensus among all political forces.

[Jovel] How about the labor sector?

[Calderon Sol] We have done the same with the labor sector. You have seen how we amended the Labor Code and how we created the National Labor Council, which is an institution that is being created to find mechanisms that seek consensus rather than confrontation. You can see that an overall effort has been made to seek consensus with all of these sectors—not just the political sectors but different sectors too, including the social sectors.

[Presidency spokesman] [Words indistinct]

[Unidentified reporter] Thank you, [words indistinct] the peace talks. This morning the CPDN [Permanent Committee for the National Debate on Peace] said you are circumventing the peace agreements. It said no progress has been made on the land issue. I would like to know your views.

[Calderon Sol] We have been perfectly clear on this. The FMLN [Farabundo Marti National Liberation Front] has clearly said that the government has made great strides in complying with the peace accords and in resolving the land problem. This issue had been at a standstill. When the new government took office, it gave the distribution of land a great boost. The United Nations has acknowledged this. The FMLN has publicly stated this. Therefore, we are unconcerned about any comments the CPDN or anyone else may make. We have freedom of expression, and anybody can say whatever he or she wants, as long as they can clearly prove that what they are saying is factual. I would describe as offensive the comment that we have circumvented the accords.

[Presidency spokesman] Mauricio Ramirez of Megavision.

[Ramirez] Thank you. Mr. President, when talking about the land issue at the reception you hosted for the news media at the Presidential Palace, you said the land distribution process was going to be expedited. I would like to know how it is moving along, and in what ways, specifically during this holiday period. Also, on the issue of U.S. aid, how much aid has been received in recent years, and to what extent has it been cut?

[Calderon Sol] I have no specific figures on the extent of the cut or the total amount. I can tell you, however, that the Clinton administration has maintained a very clear policy on aid. You have seen and are seeing that it is cutting aid to all countries. The United States made this decision based on budgetary and domestic policy considerations. It is not a decision that targets El Salvador but rather all countries, and it is part of the overall U.S. policy on foreign aid.

In terms of the expeditious distribution of land, we have been implementing a full program. We are carrying out very serious work that employs the know-how of the Office of the Deputy Housing Minister. This office has provided technology that is being used to create a computerized property registry. It has been making new land measurements, dividing up plots, and expediting land deeds. We have expedited all of this work through the methodology and support this office has provided to the land program.

[Ramirez] [Words indistinct]

[Calderon Sol] We hope to conclude this as soon as possible, most likely within the first three months of the year. We hope to make significant progress. This is very clear to the FMLN, which has also monitored the situation. Many things have not been done, or progress has not been made, because the FMLN had withheld, or not

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supplied enough, information. The efforts of the government and the FMLN are explained very clearly in the reports of the UN secretary general and ONUSAL [UN Observer Mission in El Salvador].

[Presidency spokesman] Antonio Alvarado of Canal Dos will ask the next question.

[Alvarado] Good day, Mr. President. In your inaugural address you spoke of strengthening the social sector because the human factor was what your government considered most important. Nevertheless, according to the government budget, the money earmarked for investments in the areas of health, education, and housing is about the same as it was this year. How does your government plan to cope with this challenge of meeting social development needs if the budget remains unchanged?

[Calderon Sol] We are trying to obtain foreign financing from various sources. If you look at the budget carefully, you will realize priority has been given to education, health, housing, and public security, and this is what the Salvadoran people want. These are the areas in which the Salvadoran people hope the state will offer, and render, better services. This is why the budget targets those areas. Thinking about the future and the future El Salvador, which must be educated and train its citizens, the budget is designed to offer better education to Salvadorans. We have also focused on health, which is indispensable, as well as on housing and public security.

We have also focused on infrastructure. If you look at the work conducted by the Ministry of Public Works, you will see that the contracting for the reconstruction and building of roadways and bridges is well-advanced. There is widespread development in the country, which is a credit to the Salvadoran Government and people. This has been widely recognized. There is undisputed economic growth in El Salvador. The economy grew this year despite the fact that this was an election year and a year of political transition.

We have a stable country whose economy is growing. This is viewed overseas as a true victory for the Salvadoran people. I myself feel very proud and happy to be able to say we are moving along the path we must follow—the path of economic development, well-being, and the pursuit of better days for the Salvadoran people.

[Alvarado] Mr. President, I asked this question because every time a budget increase takes place, the government says most of the increase will go toward wages. They always say 10 percent of the budget—and this is a very small amount—will be earmarked for investments. This prompted my question. This is usually the state's justification for saying the government was unable to carry out infrastructure projects or planned projects to improve services.

[Calderon Sol] Well, this year we are going to modernize the state and implement various policies to make it more efficient. We also want to trim back personnel in a number of areas. We must make the Salvadoran state more efficient. It is impossible for institutions with inflated payrolls and unproductive workers to provide efficient services. This is paid for by the entire Salvadoran people.

We must eliminate superfluous jobs in many institutions. We must modernize the state. We must make the state more efficient and reduce its size. In this regard, it will be government policy next year to face these problems. In our efforts to gradually reduce personnel, we hope to be able to count on the understanding of all of the nation's political and social sectors. As the country develops and its economy grows, other areas will absorb workers who have been laid off. We must find ways to place furloughed workers and to create new jobs. This will ease the workers' transition from the public to the private and other sectors.

[Presidency spokesman] Ricardo Guzman of Canal Cuatro Television.

[Guzman] Good morning, Mr. President. Regarding the budget issue, you said emphasis has been placed on education. However, [words indistinct] stated the education budget is insufficient, because she said it only covers salaries and is not enough to improve the quality of education.

[Calderon Sol] I agree with this. The country has limitations, and what is being spent on education is not enough. We would like to earmark two or three times as much for education. The country does not have resources. What Education Minister Cecilia Gallardo de Cano is saying is true. El Salvador does not spend enough on education. Despite the resources we have, we need good schools and technological institutes. El Salvador should be training its children for the future, but this is not possible from an economic standpoint. We are always short on resources. Although the main priority in the budget has been education, and you can see that the Education Ministry has the main part of the budget, this still falls short of what we need and what all Salvadorans want.

[Unidentified reporter] [Words indistinct]

[Calderon Sol] The country's productivity. We need to work more, invest more, increase investment, and boost development. We must continue to grow as we have done up to now. So far, we have achieved 7 percent growth. In other words: The country is on a different path. We are emerging from a murderous war, and we have a great deal of poverty that the Salvadoran people must overcome.

[Presidency spokesman] Amadeo Cabrera of "The Newscast."

[Cabrera] Good morning, and Happy New Year ahead of time.

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[Calderon Sol] Thank you, same to you.

[Cabrera] Thank you. You said that many government institutions have very large staffs and need to be modernized. Does this mean there may be dismissals in the public sector?

[Calderon Sol] I will have to see what institutions need to be modernized, and we will have to make cuts. We will have to look at these cuts in a gradual manner—and how the jobs the private sector is creating will absorb these workers as the country continues with its economic growth. We do need, however, to reduce and modernize the state. If El Salvador does not modernize its institutions, if the state does not shrink, and if the state does not provide more and more efficient services with fewer employees, El Salvador will never, never, never become developed and will be doomed to have a bureaucracy and a state apparatus that is supported by taxing the people while providing inefficient services.

We have to do this. Salvadorans have the obligation to modernize the state. We also have the obligation to offer efficient services. If we do not, then we are doomed to lag behind and always remain an undeveloped country.

[Cabrera] It has been reported that employees of the Presidency's Press Secretariat were dismissed. It this true, or just a rumor?

[Calderon Sol] Our spokesman can provide information on this.

[Presidency spokesman] Yes, we have been planning this since June. Senco [National Communications Secretariat] was disbanded in June. The Information Secretariat of the Presidency [Secretaria de Informacion de la Presidencia] was created. For this reason, because Senco had a very large staff and... [Radio Nacional de El Salvador returns to the studio, abruptly discontinuing its live coverage of the news conference]

Guatemala

Foreign Minister: Belize Agrees To Discuss Dispute

PA2912010394 Guatemala City PRENSA LIBRE in Spanish 27 Dec 94 p 2

[Unattributed article]

[FBIS Translated Text] Belizean authorities have agreed to negotiate a territorial dispute with Guatemala. As a result, the Guatemalan Government is designing strategies on which to base its claims, Foreign Minister Marithza Ruiz de Vielman said yesterday.

The official pointed out that no previous foreign minister had ever issued an official document stating that this territorial dispute had been settled and closed. The foreign minister added that this allowed us to voice our reservations [efectuar la reserva] before the United Nations and obtain its support for a settlement to this territorial dispute through a negotiation.

Vielman added that upon assuming office, she gathered all information related to the old dispute and established the National Council on Belize, CNB, to revive claims, which the Belizean authorities thought no longer existed.

The situation is now clear, because recognizing Belize as an independent state (a decision made by President Serrano) does not imply that the territorial dispute has been settled, she pointed out.

Any solution to the border issue should be the result of a treaty, and such a document does not currently exist. Belizeans, during the administration of George Price and Manuel Esquivel, however, argued that the territorial dispute had also been settled.

Vielman noted that as a result of our voicing of reservations [peticion de reserva], the territorial claims were included in an official document at the United Nations. This made the Belizean position more flexible, and on various occasions Prime Minister Esquivel has voiced his wish to continue talks to find a solution.

Honduras

President Reina Reconfirms Cabinet Members

PA2812172294 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0100 GMT 28 Dec 94

[Report by Hector Ordonez; from the "This Very Day" newscast]

[FBIS Translated Text] President Reina met with the cabinet for eight hours today to evaluate the cabinet's work in 1994. There were expectations concerning the possible replacement of certain ministers. In discussing this possibility, President Reina had this to say:

[Begin Reina recording] [Words indistinct] with the government cabinet, my council of ministers—all of its members have been reconfirmed. [end recording]

The president did not yield to pressure from leaders of his party who wanted the heads of some National Party ministers. Despite this pressure, they also were confirmed.

[Begin Environment Minister Carlos Medina recording] The president makes the decisions. He is our leader, the head of the executive branch. He did not accept the recommendations of the Central Executive Council of the Liberal Party [CCEPL]. [end recording]

It was apparent that all of the ministers were pleased. Each minister presented a 15-minute report on his activities in 1994. Conclusions came at the end of the presentations.

[Begin Finance Minister Juan Ferrera Lopez recording] In his statement, the president said I had been placed in

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charge of the country's finances because of my honesty. This is the kind of recognition of which any Honduran can be proud, and, in my particular case, I am proud. [end recording]

Nevertheless, there is still one more evaluation, which is the one slated by the CCEPL for January. Therefore, some ministers are probably going to remain uneasy until then.

Nicaragua

Humberto Ortega Discusses Plans, FSLN, Cuba

PA2812183794

[FBIS Editorial Report] Managua Canal Cuatro Television in Spanish at 0400 on 27 December, as part of its regularly scheduled "Extravision" newscast, broadcasts a recorded 40-minute interview with Nicaraguan General Humberto Ortega Saavedra, outgoing commander in chief of the Nicaraguan military, by "Extravision" News Director Manuel Espinoza Enriquez. The place and date of the interview are not given.

The interview begins with Espinoza asking Ortega about his decision not to return to the Sandinist National Liberation Front (FSLN) when he turns over command of the Army in February.

Ortega replies: "I wish to reiterate what I have told you recently on several occasions. Once I leave the Army, I want to join other Nicaraguans in their efforts to find, in a clearer and more orderly manner, points of agreement that will give the country greater stability and, in turn, truly guarantee lasting peace and increased production to fight unemployment and poverty. I will therefore not rejoin the FSLN as a member of the party, because I believe it is more important that my experience and the posts I have held be used to serve those interested in a basic agreement that will help us once and for all break this formidable situation of uncertainty and unrest that continues in Nicaragua."

Ortega adds that the most important enterprise all Nicaraguans must undertake is to secure lasting peace and generate the stability that will allow businesses to operate in Nicaragua. He goes on to reiterate that he has no political aspirations or any concrete plans to enter the business world.

Ortega and Espinoza then discuss the general's military career and his childhood aspirations, including those of one day becoming an architect. Espinoza asks Ortega about rumors that say his brother Daniel's illness is a fabrication to open doors for him to enter politics.

Ortega replies: "The truth is that Daniel is recovering satisfactorily from a real heart attack, which luckily was not very serious. Of the three options available, the choice was made to use drugs and a very rigorous treatment he is now undergoing in Cuba. He is expected to recover fully, provided, of course, that he takes care of himself. I understand—in fact, I spoke to him just yesterday—that he is returning at the end of January, but not before the third week in January.

"He suffered a real heart attack. It is not true that I want to take his place. It is true that he sick, but it is false that I want to replace him. I do not need to take anyone's place. I do not want to replace anyone within the FSLN National Directorate—no one from Dr. Ramirez's group, and no one from the various sectors, such as the urban workers sector or any other Sandinist sector.

"I have my own authority and track record within the FSLN. What I want to do is leave the Army on 21 February. As a revolutionary leader, my mission was to form an Army such as the one that is being left for all Nicaraguans. Above all else, what I want is definite peace for Nicaragua, true stability, and a real opportunity for the economy to pick up and overcome unemployment, which is Nicaragua's most serious problem."

Ortega and Espinoza go on to discuss the papal Christmas message in which the pope denounced social inequalities worldwide. Ortega concludes the problem of inequality is not a problem of the right or left, but a problem that must be confronted by everyone.

When questioned about claims that the Sandinist revolution has failed, Ortega replies: "We, the revolutionaries, have to accept that we made many mistakes because of our lack of experience. Nevertheless, I believe that the biggest mistake would have been not to carry out the revolution. I believe our greatest achievement was to overthrow Somoza and to revolutionize things. It is true that this process did not do better than it did and that we made many mistakes, and yet, without the process that began on 19 July 1979, we could not have secured the greater process of guaranteeing that by the year 2000 we will have a modern regime with a legal and truly solid nation, and this will allow greater development with greater justice and social fairness.

"I will never regret what we, as revolutionaries, did in Nicaragua for the sake of the entire country. I will never renounce my ideas or actions—never. Just because revolutionary models have failed in the world, this does not mean that their roots, their fairness, have failed. It is true that the socialist bloc failed in its attempt to resolve the problems of specific countries, but that does not mean that a series of ideas and principles have failed."

Ortega points out that countries that were not socialist are also encountering serious problems, which is what the pope was referring to. Espinoza asks Ortega whether it is true that he has ties to wealthy people in places such as Mexico. Ortega admits that he does, and he describes these people as investors who clearly understand that he, Ortega, is a "revolutionary man with very clear principles." He adds that these investors are from Mexico, Central America, and even Asia.

Espinoza asks Ortega about his recent trip to Cuba and what was discussed. Ortega replies: "I met with Raul

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Castro. I was on an official visit as head of the Army and had plenty of opportunities to speak to Raul about the Nicaraguan Army's role in the face of our transformations, its reduction in size, and in the face of strong contradictions. Nevertheless, it is a process in which we have maintained flexible and realistic positions, and we have always maintained a great deal of dignity. We sought a solution, and with my departure we are giving Nicaragua an Army that has completed the process. I mentioned this to Raul, and he viewed this as a very interesting process. I also had the opportunity to meet twice with Fidel Castro, and I also spoke about this situation and about other Latin American affairs with him."

From here, Ortega and Espinoza discuss the need to make changes in the nation's sports planning, and the interview concludes with Ortega saying the nation is heading toward the 21st century with a promising future.

Panama

Assembly Demands U.S. Draft Cuban Relocation Plan

PA2812141894 Panama City LA PRENSA in Spanish 28 Dec 94 p 3A

[Report by Jose Otero]

[FBIS Translated Text] The Legislative Assembly yesterday approved a resolution urging the executive branch to demand the U.S. Government draft an action plan to relocate the Cuban rafters before 3 March 1995.

The resolution was presented at a plenary meeting of the Foreign Relations and Human Rights Commissions in the wake of the 7 and 8 December incidents at the Cuban refugee camps.

A Legislative Assembly communique demands that the U.S. Government prepare a plan to relocate the 8,300 Cubans housed at the four camps along the Panama Canal before 3 March. The deadline cannot be extended.

The communique also reasserts the need to end the unjustified confinement of rafters detained at the camps and to restore conditions that guarantee their freedom to communicate and respect for their human rights.

In case there are future incidents similar to the ones that occurred at the camps in early December, we urge the Foreign Ministry to issue a note to the U.S. Embassy, notifying it of the early termination of the above-mentioned agreement, the resolution emphasizes.

It also issues an appeal for efforts to be made, in an act of solidarity, for the permanent resolution of the rafters' situation by relocating them in the United States and in third countries that have stated their wish to receive them.

The two commissions last week visited the camps to determine the rafters' situation following the early December incidents. The commissions' report confirmed excessive force was used by U.S. troops, which would indicate that the Cubans suffered "probable human rights violations."

President Views Opposition Coordinating Board

PA2812173294 Panama City Circuito RPC Television in Spanish 2300 GMT 26 Dec 94

[From the "RPC Television News" newscast]

[FBIS Translated Excerpt] Panamanian President Ernesto Perez Balladares has welcomed the creation of the Democratic Opposition Coordinating Board [Coordinadora Democratica de Oposicion]. The president said he hopes the opposition's restructured political forces will work in the interest of the country.

[Begin Perez Balladares recording] In a democratic regime, a certain degree of opposition is necessary, and one aspiration is that the opposition will exercise its rights within a framework of respect and, of course, by specifically thinking about the country and the future, not criticizing for the sake of criticizing, and putting aside partisan politics. This is how we view this board, and all we can say is that we welcome it and that we know how important its participation is in a democratic system. [end recording] [passage omitted]

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Argentina

Sanchez Says Economic Situation Under Control

PY2712204994 Buenos Aires TELAM in Spanish 1511 GMT 27 Dec 94

[FBIS Translated Text] Buenos Aires, 27 Dec (TELAM)--Economic team officials today emphasized the solidity of the economic model and the enhancement of the fiscal adjustment to sustain the balance of public accounts without increasing taxes.

Economy Vice Minister Carlos Sanchez today emphasized: "There is no reason, either technical or political, to expect loss of control of the economic and financial situation."

Sanchez added: "The financial market's situation is marked by an unwarranted uncertainty with respect to the Argentine economy's scheduled progress."

The vice minister, who is running the Economy Ministry during Minister Domingo Cavallo's vacation, emphasized that there is no reason whatsoever for Cavallo to return from his leave.

The stock market yesterday experienced a 5.2-percent loss (a 13.6-percent loss followed the local repercussions of the Mexican crisis). Stock brokers believe the withdrawal of international investment funds from our country and the problems experienced by such entities as the Banco Extrader are responsible for this loss.

Finance Secretary Roque Maccarone flatly rejected the possibility that the Banco Extrader's problems will spread to the entire financial system. He emphasized: "No banker whatsoever resorted to the Central Bank, seeking assistance."

Maccarone stressed: "We are not in the presence of a widespread crisis.... The system is not experiencing a crisis that might jeopardize the population's savings.... Those who have savings may remain calm, as this situation will not get out of control."

Maccarone admitted that foreign investors are withdrawing from the local market. He blamed this withdrawal on the practice of "confusing" the Argentine situation with the Latin American market.

Maccarone said: "This situation entails a setback, but does not involve jeopardizing the economic program." He noted: "Other things will have to be done on the fiscal side so as to counterbalance negative actions."

Securities Market Chairman Fernan Peralta Ramos believes that foreign companies are withdrawing their investment funds from our country to compensate for their losses in such markets as the Mexican market.

In remarks to Radio Mitre, Peralta Ramos emphasized: "Small investors in Latin American securities are the ones leaving. Given the Mexican events, these investors decided to withdraw from Latin America entirely."

Peralta Ramos emphasized that the reports on the problems experienced by the Banco Extrader, owned by financier Marcos Gastaldi, "which began circulating this morning, affected the markets even more."

Deputy Alvaro Alsogaray believes the economy will quickly regain its tranquillity. He nevertheless recommended that as few debts in dollars as possible be incurred, and that those that are incurred be intended solely for useful and profitable activities.

In remarks to Radio Mitre, Alsogaray said: "I believe that within a few days, things will calm down a bit. We are not on the threshold of a disaster similar to those experienced at other times."

Banking System 'Enjoys Good Health'

PY2712215894 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1252 GMT 27 Dec 94

[FBIS Translated Text] Buenos Aires, 27 Dec (NA)--Economy Ministry Finance Secretary Roque Maccarone today emphasized that the Argentine banking system "enjoys good health." He denied that the problems being experienced by the Banco Extrader are also being experienced by other institutions.

Maccarone described as "irresponsible" the remarks made by Marcos Gastaldi, the Extrader owner. Gastaldi said at least 10 other banks would experience a similar problem.

Explaining Gastaldi's attitude, Maccarone said: "All those having a problem would like the entire system to collapse so as to profit from it." Maccarone pointed out: "Not a single banker has visited the Central Bank, seeking assistance."

In remarks to a radio station, Maccarone admitted that, as a consequence of the Mexican crisis, foreign capital is leaving the Argentine market due to the practice of "confusing" Latin America as a single zone.

Maccarone explained that this withdrawal of investors has forced some entities "to gain liquidity by sacrificing positions taken earlier."

Maccarone emphasized that this situation "represents a setback, but does not jeopardize" the convertibility plan.

Nevertheless, Maccarone pointed out that "other things will have to be done on the fiscal side so as to counterbalance the negative action involved in the slumping" notes and stock "prices." These things include "increasing public savings so as not to exercise too much pressure on the private sector's financing."

Concerning the Banco Extrader issue, Maccarone said: "It is an old case that has resurfaced after the measures implemented to safeguard the economic program vis-a-vis the Mexican devaluation."

Maccarone added: "I don't believe the Banco Extrader case will be experienced by other entities. The Banking

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Superintendency is informing us that the financial market's situation is normal and that the market has strong connotations in terms of liquidity and slumping bond prices."

Nevertheless, Maccarone admitted: "There might be other entities in the red because usually there is a reduced liquidity in pesos in December and because the Central Bank decided to eliminate swaps in light of the Mexican events."

Observers See Similarities With Mexican Economy

PY2312173594 Buenos Aires CLARIN in Spanish 22 Dec 94 p 2

[FBIS Translated Text] The Mexican devaluation has affected all Latin American markets. In Buenos Aires shares fell by 5.7 percent and public bonds fell by up to 9 percent. The city [preceding word in English] observed the fall in prices on a day in which [Economy Minister Domingo] Cavallo did not obtain the expected support of the votes in Congress. The analysts believe that the minister will have problems in closing his accounts, and they are taking precaution due to the marked similarity of the difficulties that are being faced by the Argentine and Mexican economies. With everything said and done, at closing time prices were recovering.

"Argentina is not Mexico and Santiago del Estero Province is not Chiapas State," Cavallo often says in his urge to dispel an ever-expanding understanding among economists and politicians; namely, the understanding that what happens there will happen here.

The minister repeated it yet again on 21 December, when the Buenos Aires Stock Exchange was crashing under the weight of the "Mexican effect." Cavallo spoke about the firmness of the Argentine economy and the equilibrium of the fiscal accounts.

Irregardless, the Mexican and Argentine situations have several common points:

-Enormous trade and current account deficits that provoke pressure on the exchange rates.

-The ever more restricted entry of capital, or even the flight of capital.

-High internal interest rates that are implemented precisely to attract or retain capital.

-The lag in the exchange rate.

The increase in the ceiling of the exchange rate span, which in fact means a 15 percent devaluation, was a measure that had been suggested to Mexican Government by the IMF.

The IMF's move was in reality a bet; namely, that now the price of the dollar will be maintained within the new exchange span. In other words, a bet that the pressure will end and the expectation that there will be no runs. The bet of the Mexican authorities is that the devaluation will not be transferred to prices.

Many people here are looking to see how the Mexican experiment turns out. This is because—even if Cavallo says the opposite—more than one person is thinking that there will be sectors in Argentina that will apply pressure to get Cavallo to do something similar if the dress rehearsal is successful in Mexico.

The risk of any move of this type resides in the fact that inflation will ultimately make the exchange rate adjustment useless. And the cost will be high for the great mass of Argentines who are in debt in dollars.

The government has promised a long-lasting convertibility. It is insisting on the strategy of lowering business costs and it is implementing measures that in fact operate as covert devaluations. In any case, no one is thinking that an adjustment will come before the elections.

But many will continue to observe—something they have been doing for some time now—how the Mexican situation evolves.

Editorial Views Prospects for Mercosur

PY2212142994 Buenos Aires LA NACION in Spanish 21 Dec 94 p 8

[Editorial: "The Mercosur Customs Union"]

[FBIS Translated Text] In less than 2 weeks, on 1 January 1995, a new customs union will be implemented between the four member nations of the Mercosur [Common Market of the South]. Thus, many years of failed attempts at Latin American integration, beginning in the 1960's, will have been left behind, and an extensive market of 200 million persons born, with a total production valued at $800 billion and in which nearly all the products will circulate freely.

What the four presidents—[Itamar] Franco, [Luis Alberto] Lacalle, [Carlos] Menem, and [Juan Carlos] Wasmosy—have agreed upon in Ouro Preto, Brazil, is not a goal: It is a point along the road that Argentina, Brazil, Paraguay, and Uruguay began to travel with the signing of the Treaty of Asuncion, when it was decided to dismantle the customs system, a path they continued to systematically travel in a demonstration of political continuity that is not frequent in Latin America.

A relatively low common external tariff with exceptions, which must disappear between 2001 and 2006, a period that has been agreed upon, indicates the level of community franchise. The tariffs that are still in force will disappear this coming 1 January, but there will also be some exceptions. One of them, which was agreed upon from the beginning, allows Paraguay and Uruguay to complete their integration in 1996. Whether it be due to the survival of sectors that have dissimilar interests or

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because of profound differences regarding competitiveness, other exceptions have also been agreed upon. The automotive and sugar sectors, for example, have been excluded, and a system of adaptation has been adopted that covers areas of the steel, pulp, petrochemical, leather, and textile sectors. Total integration will be achieved in varying stages, depending on the case, with a gradual and automatic reduction of the internal tariffs to zero.

In Argentina, Uruguay, and Paraguay, the sugar formula has been postponed for one year until a system can be found that will take into account present dissimilar interests that have been generated by subsidies the Brazilian sugar sector receives due to its symbiotic relationship with the production of alcohol used in the energy sector.

Regarding the automotive industry, a formula of greater complementation was agreed on at the last moment that allows mutual access to certain models manufactured in Brazil and Argentina, and also allows greater integration in the vehicle parts sector.

With regard to wheat, which is affected by the subsidies that are applied in developed nations, it was agreed that between January and April, which is when Argentina negotiates its larger supply of wheat to the neighboring country, Brazil will apply a protective tariff of the community franchise.

The common external tariff also has exceptions. In a critical chapter, that of capital assets and informatics, our country will start off with its current zero level and finally increase it to 14 percent.

The are still agreements to be reached, not only for sectors and products. Common legislation is also needed in the matter of competitiveness, the control of subsidies, external dumping [preceding word in English], and trade loyalty, or adherence to agreements. The problem of how customs practices are to function and the mechanism for the return of taxes on inter-Mercosur exports are among the topics that still have to be resolved. Labor legislation needs to be harmonized, and in the matter of services—especially the financial sector—the Mercosur is still in its infancy.

Luckily, the inauguration date of the customs union coincides with the strengthening of the Brazilian economic stabilization program, which put a brake on an exchange rate that was favorable for the exports of the neighboring country. At that time, the Real Plan determined upon a revaluation of the currency and an expansion of consumerism that assuages a certain resistance to integration in the other three countries.

Moreover, the Real Plan must still go through several acid tests in order to achieve the necessary solidity. To begin with, it requires a modification of the Brazilian Constitution that will permit a profound fiscal reform, a new social security system, and an ample privatization program. President-elect Fernando Henrique Cardoso has announced this, and he plans to implement it during the first months of his mandate, which begins precisely on 1 January, by using the political power that he accumulated during the recent elections. The success of his mandate, and, to an extent, the success of the Mercosur, depends on this. The Mercosur's stability depends on the consolidation of the stability of the four nations; stability will be the buttress of integration and its outcome at the same time.

The open integration that has been adopted by Mercosur, in other words, with relatively low external tariffs, opens up broad international prospects. This is reflected in the European proposal to open negotiations in 1995 to associate Mercosur with the EU in significant areas of production. With less emphasis, there are the similar ideas regarding NAFTA, according to the Miami summit. In the short term, there will be negotiations with Chile, Bolivia, and other nations where tariff deregulation already exists.

Some implicit restrictions regarding integration must not be lost from sight. External trade negotiations, for example, must be carried out jointly by the four countries. This will improve the power to negotiate, and it will also mean that national capability for decision will be limited. Our country, and those of our partners, with an autarkical economic culture will, as of now, have to assume a new reality that puts a limit to autonomy in the matter of a foreign trade policy. If the opening up of the economy that has been developed over the past few years has caused a reaction that has still not been hushed, then the free exchange within Mercosur will surely put into evidence other no less strident reactions.

The Mercosur's political, legal, and guiding theme is being fine honed by the governments, but trade, business, management complementation, and everything that in fact pertains to the integration of four economies must be resolved by the private economic sector, by human beings, businessmen, professionals, employees, and workers. The success and the importance of the audacious undertaking will depend, in the final instance, on their understanding and disposition.

Bolivia

Ministry Official Discusses Benefits of Summit

PY2812173794 Cochabamba LOS TIEMPOS in Spanish 18 Dec 94 p A2

[FBIS Translated Text] La Paz, 17 Dec (LOS TIEMPOS)—Five points of the so-called "Action Plan" issued by the Miami Summit are highly favorable to Bolivia, especially with regard to the struggle against drug trafficking, because it involves the entire international community, and not only the producer and consumer countries.

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This was stated by Jaime Aparicio, Foreign Ministry national secretary for international relations, who said that the document drafted by the Rio Group member countries had more impact than that proposed by the United States.

Aparicio commented that the Rio Group proposal was much more realistic regarding the problems the entire region is enduring, especially drug trafficking, which contributed to getting the chiefs of state of the hemisphere to agree to attend a summit in Mexico next year with the purpose of drafting a common strategy and policy to fight drug trafficking.

"Donor" countries and organizations that make contributions to the alternative development projects are also scheduled to meet.

The five points of the plan favorable to Bolivia refer to: the struggle against drug trafficking; infrastructure; the decade of the indigenous communities; power cooperation programs; and the organization of the summit in Bolivia in 1996.

According to Aparicio, on the first point the concept of involving the entire international community, as drug trafficking affects everyone, was replaced by the traditional attitude of shouldering the consumer and/or producer countries with this burden.

He pointed out that drug trafficking has two victims: the coca leaf farmers and consumers, that is, the people who use drugs. "The Action Plan proposes holding an international meeting first, after drafting a common strategy to fight drug trafficking."

The second point of the "Action Plan" expresses Bolivia's interest in granting the international financial organizations a mandate to finance any physical infrastructure project. This interest is based on the fact that the IDB [Inter-American Development Bank] will obtain $5 million, and Bolivia hopes most of this money will be earmarked to finance its infrastructure.

Aparicio pointed that the fourth point was discussed with the Venezuelan delegation to grant another mandate to support power projects in the region.

The fifth point was the significant fact that in 1996 Bolivia will host the second Summit of the Americas to be held in the city of Santa Cruz. Aparicio commented that this was possible thanks to the support of the Rio Group, and in view of Bolivia's bilateral relations with the United States.

The Foreign Ministry international relations secretary pointed out the significance of having being chosen to host the summit, because at first it had been agreed that only a meeting of foreign ministers would be held.

Aparicio said: "This summit has, in the first place, been beneficial for Bolivia, but, in the second place, I believe it has been a success. The truth is that nobody believed it would be successful."

MIR Leader Punished Under Antinarcotics Law

PY2812214094 La Paz HOY in Spanish 17 Dec 94 p 8

[FBIS Translated Excerpt] The Chamber of Deputies debate on the "narco-links" case ended yesterday with 67 votes in favor of the MIR [Movement of the Revolutionary Left] leaders allegedly involved in drug trafficking being punished under Law No. 1008, two for the application of the Penal Code, and one blank vote.

According to this decision, acting MIR leader Oscar Eid and former Santa Cruz Prefect Rolando Arostegue are charged under the drug enforcement law, while Susana Seleme and Carlos Saucedo were acquitted due to lack of evidence against them.

After a debate lasting more than one week regarding a subject that has captured the citizenry's attention for the past 10 months and due to the various charges that prompted the MIR to request Congress to investigate the alleged links with drug trafficking of some of its leaders, the legislative branch's work ended and the case has now been submitted to the courts.

The Chamber of Deputies president ended the debate at about 1700 and immediately started the voting to decide on the fate of the investigated leaders.

Voting started at 1709, when 123 of the 130 deputies were in the sessions hall. As established by the debates' regulations, the votes were cast through secret balloting. The deputies present were called by name and they placed their ballot slips in the boxes provided for this purpose.

Once this process had been completed, deputies Eduardo Paz for Condepa [Conscience of the Fatherland], Delmira Villa for the MIR, Juan Malky for the UCS [Solidarity Civic Union], and Maria Lourdes Savala for the MNR [Nationalist Revolutionary Movement] started the vote count and determined that each of the 123 deputies had voted. [passage omitted]

Oscar Eid Claims Innocence

PY2812221794 Madrid EFE in Spanish 1812 GMT 27 Dec 94

[FBIS Translated Text] La Paz, 27 Dec (EFE)—Oscar Eid, chief of the party of former President Jaime Paz Zamora, claimed today that he is innocent of the charges of protecting drug trafficking when he appeared before the Court for Controlled Substances. He was not, however, able to testify because the judges were absent.

"One pays for his mistakes and I am paying for mine, but I never had anything to do with drug tafficking," said Eid, who added he has a clear conscience because he did not commit any crime.

Oscar Eid, who is the chief of the Movement of the Revolutionary Left (MIR), social democrats, was arrested on 26 December by the Special Antinarcotics Force (FELCN).

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The Chamber of Deputies ordered his trial under the Controlled Substances Law because it found evidence that he protected drug trafficking, and sent its resolution to the Court for Controlled Substances.

Several opposition political leaders protested, saying Eid's arrest was "illegal," while his party decided to maintain a collegium leadership during his absence.

Eid told the media he is willing to stand trial "like any other citizen," and that he is "calm, serene, and quite sure of my innocence."

Eid said his lawyers already found several irregularities, which will be attached to the defense's process documents, and noted that "several charges were made and none are valid. Therefore, I hope that from now on the law will really begin to be implemented appropriately and that justice will be further enforced."

Oscar Eid was specifically charged with protecting Isaac "Oso" Chavarria, who is considered by the police and international drug enforcement organizations as one of the most important Bolivian drug traffickers.

Oscar Eid will be tried under the antidrug law, which is one of the harshest in the country, and he can be sentenced from six to 10 years in prison if the "indications of guilt," expressed in the 16 December Chamber of Deputies resolution, are proven.

Chavarria is being held in the La Paz penitentiary awaiting the conclusion of his trial on charges of drug trafficking. Former President Paz Zamora himself admitted and justified his friendship with Chavarria.

Brazil

Party Leaders Agree on 1995 Budget Bill

PY2212171094 Sao Paulo AGENCIA ESTADO in Portuguese 2149 GMT 21 Dec 94

[Report by Itamar Garcez]

[FBIS Translated Text] Brasilia, 21 Dec (AE)—Through an agreement among party leaders, the national congress early this evening approved the 1995 general budget bill and five bills granting complementary credits to the 1994 budget bill. The 1995 budget bill estimates expenses totaling 320 billion reals [R]. Of this total, only R141 billion corresponds to the fiscal budget, which means they will be raised through taxes. The remainder of the resources will be obtained through the rescheduling of debts. The government is nonetheless expected to administer a R6 billion deficit.

At the last minute the government managed to have an amendment approved giving it greater leeway to restructure the budget in the future, especially for President-elect Fernando Henrique Cardoso. With the approval of the complementary credits, the government will have resources with which to pay the December salaries and Christmas bonuses of the federal public employees.

Planning Minister Beni Veras promises that the salary of public employees will be deposited in banks within 48 hours.

In all, the five complementary bills represent R19 billion, a sum that resulted from excess tax collection and the restructuring of budget resources. The funds will be used to pay the internal debt, its costs, investments, and payroll expenses.

The investments include the construction of two frigates and the purchase of four submarines for the Navy. They will also guarantee the continuity of the AMX jet project of the Aeronautics Ministry. This means R446 million for the Navy and R149 million for the Aeronautics Ministry.

The total amount of investments expected in the bills is R2 billion. The maintenance of the investments represents a triumph for the government, since the congressional party leaders wanted to totally eliminate them. Government experts convinced congressmen that the funds would come from state companies.

PL President Criticizes Cabinet Composition

PY2812210094 Sao Paulo FOLHA DE SAO PAULO in Portuguese 27 Dec 94 Section 1 p 6

[Article by Lucio Vaz]

[FBIS Translated Text] Deputy Alvaro Valle (RJ) [Rio de Janeiro State], the PL [Liberal Party] president, said yesterday his party would not always support the government of Fernando Henrique Cardoso.

The PL has 13 deputies and one senator. Valle said: "We supported Cardoso's candidacy, but we will not always support the government."

Valle criticized the cabinet fo.med by Cardoso. He said: "This cabinet is based on political appointments."

Valle emphasized: "It has been a long time since when—for political reasons—the best candidate has not been put in the right place, but somewhere else." [sentence as published]

The PL president said political appointments are only natural, but believes excesses have been committed. He noted: "The cabinet does not follow my idea of Fernando Henrique."

Concerning the possibility of the PL accepting first and second-level posts in the government, the PL president said: "We are not vetoing our participation, but we are not soliciting any posts."

Valle said the PL and the government are likely "to walk side by side" because their doctrinal proposals are similar, adding that government projects would be studied individually.

Cardoso visited the office of Valdemar Costa Neto (SP) [Sao Paulo State], the PL bloc leader in the Chamber of

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Deputies, last week. He said he hopes to receive the PL's support on the constitutional reforms proposed by the government.

The PL was not invited to participate in the government's Political Council, which currently comprises the PSDB [Brazilian Social Democracy Party], the PFL [Liberal Front Party], the PMDB [Brazilian Democratic Movement Party], the PTB [Brazilian Labor Party], and the PP [Popular Party]. The PL also was not included in the cabinet.

Advances in Fiber Optic Telecommunications Seen

95SM0067B Sao Paulo VEJA in Portuguese 9 Nov 94 p 95

[Unattributed article: "On Line With the World"]

[FBIS Translated Text] Telephone calls and data transmissions between Brazil and the United States have been easier since the end of last month. The reason is an 8,000 km cable, slightly thicker than a wine bottle, that has been laid in the sea between Vero Beach in the American state of Florida, and Praia do Futuro in Fortaleza. In the core of the cable, protected from shark bites by a layer of special rubber, is a set of optic fibers over which 12,060 telephone calls between the two countries can be made simultaneously. This is a communications capacity at least ten times greater than that of the present telephone network that uses satellites.

By the end of this month, a similar cable will connect Brazil to Argentina and Uruguay. This system is already operating on an experimental basis. Within two years, at the latest, the connection between Florianopolis and Fortaleza that will join the principal cities in this country via optical cables will be completed. "The Brazilian segment is essential to communications between Mercosur [Common Market of the South] and the rest of the world," said Renato Archer, president of Embratel [Brazilian Telecommunications Company], the state telecommunications corporation responsible for installing fiber optic cables in Brazil.

Use of this technology will represent an extraordinary advance in Brazil's communications when the entire system is finished. Last week, the American company AT&T conducted a test of the capacity of the Columbus II cable, an undersea system 13,000 km long that will connect Mexico and the United States to Europe after the end of the year. A communications capacity of 10 billion bits per second was achieved during the test. That is enough to transmit the contents of 29 volumes of the Encyclopedia Britannica from one continent to the other in just one second. On the island of Saint Thomas, in the Caribbean, there will be a connection between Columbus II and Americas I—the cable that connects Ceara to Florida. So, by the end of the year, Brazil will also be connected to Europe via fiber optics.

Strand of Hair

At first, Brazil will use these new connections only partially. Messages will travel by satellite within Brazil and then go over the cables to other countries. When the entire national system is functioning, cities will be able to communicate better with each other, and Brazil will have a direct connection to about 40 countries of the world over the most modern system that exists. In contrast to conventional copper wires which use electricity to carry messages, fiber optics carry voice, data, and pictures in the form of light pulses. The fiber optic system is 100 times faster than copper cables, and its useful life is twice that of a satellite. Furthermore, fiber optics, consisting of threads of quartz crystal, each the thickness of a strand of hair, have an almost infinite capacity for carrying information. What limits the use of the system are the telephone, data transmission and imaging equipment installed at the ends of the cables. The more highly developed that equipment is, the greater the capacity to make use of the fiber.

The twelve-pair set of fiber optics that connects Sao Paulo to Rio de Janeiro—the only segment of the domestic part that has already begun to function—can carry 136,000 telephone conversations simultaneously. This is almost 100,000 connections more than the old system allowed. Embratel is installing two more cable systems. They start from Sao Paulo and Rio de Janeiro and follow the roadbeds in the direction of Belo Horizonte. Next year, installation work will begin on the lines that will complete the national part of the system. Embratel's total expenses for the Brazilian segment, plus the state enterprise's share of the installation of the international cables, will come to $2 billion.

Lag

In comparison to the developed countries, Brazil is 15 years late in entering the fiber optics era. "There are only half the long-distance connections that need to be made," said Walter de Andrade Carvalho, a physicist and expert in this transmission system. "We also need to install optic cables on the urban networks in order to take full advantage of the fibers' transmission capacity." In the United States, six out of every 10 Americans can receive cable TV signals in their homes by the fiber optics route. In Brazil, cable TV images are still carried by outdated copper wires.

The progress that fiber optics permit is phenomenal. Using quartz crystal, it will be possible to transmit, simultaneously, telephone calls, TV images, and bank data. An individual will be able, using a single communications system, to take advantage of a commercial break in a soap opera to transfer a balance in his bank account. Likewise, a medical student at Vassouras, in the interior of Rio de Janeiro State, will be able to consult the database at the University of Paraiba—or one at Harvard, in the United States.

Franco Installs Council, Views 1994 Achievements

PY2912014694 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 28 Dec 94

[Report by Luiz Augusto Mendonca at Planalto Palace]

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[FBIS Translated Excerpt] On 28 December President Franco installed the new Council of the Republic members. This council can make decisions on matters related to federal intervention, state of defense, state of siege, and issues of relevant importance for the stability of the democratic institutions.

The members of the Council of the Republic are: the vice president, the justice minister, the presidents of the Chamber of Deputies and the Senate, leading personalities, and six more well-known citizens.

During the installation of the new Council of the Republic members, President Franco said that his administration has achieved a great deal during 1994. Four days before leaving power, President Franco said here at Planalto Palace that 1994 has been an excellent year, full of important achievements.

[Begin Franco recording] It has been excellent, a year in which we managed to reduce the inflation rate, industrial productivity increased, the economy became stable, exchange reserves were sufficient, the country was tranquil, and there was democratic and political order. I cannot say, however, that there was social order because there are still social problems. It has been, nonetheless, a year full of important achievements. My administration leaves power content. [end recording] [passage omitted]

[Sao Paulo AGENCIA ESTADO in Portuguese at 2113 GMT on 28 December, in a report on the installation of the Council of the Republic, adds: "Eight members of the council should have been installed today, but Emerson Kapaz—future science and technology secretary for Sao Paulo—who had been named by President Franco, did not attend the ceremony at Planalto Palace. The seven members who were installed today were: Vice President-elect Marco Maciel; Luciano Brandao, former member of the National Accounting Office; future Justice Minister Nelson Jobim; Senators Francisco Rollembeg (PFL - SE) [Liberal Front Party - Sergipe] and Alfredo Campos (PMDB - MG) [Brazilian Democratic Movement Party - Minas Gerais], who represent the Senate; and Deputies Etevaldo Nogueira (PFL - PB) [PFL - Paraiba] and Edmar Moreira (PP - MG) [Popular Party - MG], representatives of the Chamber of Deputies."]

Associates, Residence of FHC Described

Inner Circle Members

95SM0083A Sao Paulo ISTOE in Portuguese 16 Nov 94 pp 31-33

[Article by Chico Mendonca: "Elegant Migration"]

[FBIS Translated Text] After serving as headquarters of the "Republics" of Maranhao, Alagoas, and Juiz de Fora, Brasilia now opens its doors to welcome the "Republic of Vilaboim." A fashionable address in the traditional neighborhood of Higienopolis in Sao Paulo, the area surrounding that famous Sao Paulo square will probably record the highest rate of migration toward the Central Plateau of any locality in Brazil—starting with president-elect Fernando Henrique Cardoso (FHC). Generally speaking, the migrants are intellectuals who spent time on the left of the student movement, participated in the opposition to the military regime, but refused to go over to the PT [Workers Party], remaining instead in the PMDB [Brazilian Democratic Movement Party]—arguing that they would not want to help split the opposition—then later flew off to roost in the PSDB [Brazilian Social Democracy Party]. According to the full definition given by *tucano* Marcos Mendonca, a state deputy-elect who is very close to Mario Covas, candidate [in the runoff elections] for governor of Sao Paulo, "these guys have a good university education, were good students in school, are part of the middle class in [the Sao Paulo neighborhoods of] Pinheiros, Jardins, Higienopolis or Moema, and like to go out at night. In contrast to the preppies *[mauricinhos]* of the Collor era, they hate ostentation. Some, however, have already gotten used to driving imported cars. The neo-preppies frequent the movies, the theater, gallery openings, and sedate parties. Whiskey, imported wine, and (an occasional) beer are welcome. Pizzerias sometimes, steakhouses never. And don't even suggest an all-you-can-eat place *[rodizio]*.

Sergio Motta, secretary general of the PSDB, businessman, and dear friend of the president-elect, prefers a more political definition: "What we are getting with Fernando is a utopia based on the premise that it is capital that is fighting for economic growth, while the State ensures social justice." At 53, married and the father of three daughters, Motta is no longer of an age or profile to merit designation as a neo-preppie. The businessman left the pool tables in the [Sao Paulo neighborhood] of Bras, where he was brought up, to attend the Industrial Engineering School at PUC [Pontifical Catholic University] and there made his debut as a militant member of Popular Action (AP). When the military coup came, he ended up on the national board of AP in the midst of the debate on the feasibility of urban armed combat. He was against it, but set up two courses on bomb use and guerrilla techniques in a boardinghouse near DOPS [Department of Political and Social Order]. "We were crazy guys," he said.

When the AP had split and been abolished, Motta and his group joined isolated initiatives mounted in opposition to the regime until, in the latter half of the 1970's in Sao Bernardo, he and FHC, among others, had their first disagreement with Luis Inacio Lula da Silva about a proposal to build one big socialist party. There was no consensus. He founded the newspaper MOVIMENTO and served on its board for nine years. He took care of its finances. In 1978, he helped sociologist Fernando Henrique get his name on a slate at a PMDB convention, where he ran as an alternate senator in that year's elections. "We got the required 20 percent of signatures thanks to Quercia," he said, with no sign of embarrassment. From then on, he was involved in running all FHC's campaigns, including the latest one, always as

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"the financial brains." The friendship developed from this. "He is more of an intellectual, and I am more of an executive," Motta said.

Assured of a position in the new administration, Motta shudders when he thinks about living in Brasilia. "That city is a tragedy, it has no streetcorners or little bars, the layout is authoritarian, it does not encourage fellowship. Besides, you never know whether the person you're talking to is a lobbyist." He plans to live in a house in the sophisticated South Lake district, or in Taguatinga, a satellite city 20 km. from the heart of Brasilia: "There you have streetcorners, restaurants, and bakeries." Surely this reflects a certain nostalgia for Bras, a neighborhood that, when Motta was young, was home to more "classic" immigrants: the Italians. Incidentally, an aversion to the federal capital city could be included on the list of characteristics of Fernando-followers, both great and small. Another star in the future government, economist Paulo Renato de Souza, plans to maintain his base in Sao Paulo. "Brasilia breathes government all the time; it has no alternative," he lamented. At any rate, Paulo Renato has plenty of experience in the corridors of power. Real power. In Washington he was a director of the Inter-American Development Bank, having been appointed by then-Minister Zelia Cardoso de Mello. Among the joys of that life was bundling up on winter nights to go out and smoke a cigar in his back yard. A friend of FHC since he attended a dinner at the home of then-exile Jose Serra in Chile during the 1960's, de Souza coordinated the drafting of the government's platform. In Sao Paulo alone, he called on more than 400 people for assistance. At the same time, he was contacting companies to gather suggestions, and helping prepare the TV programs. Now he is putting the final touches on the most important projects of the new administration, working with two other *fernandista* exponents: sociologist Luciano Martins and economist Eduardo Jorge Caldas. Although shrouded in absolute secrecy, the report is known to contain at least one key component: a list of responsibilities to be carried out by each minister and secretary.

The president-elect owes agronomist Francisco Graziano at least one favor. At the end of the 1980's, Graziano, who headed the senator's political office in Sao Paulo, stopped his car in front of PSDB headquarters and insisted that FHC get out while he looked for a parking space nearby. The passenger insisted on going with him, but ultimately got out. After the car had been parked at a pedestrian crosswalk, Mayor Janio Quadros showed up, accompanied by a bunch of reporters. Furious, he ordered that the driver be fined, but never found out that he had almost ended up giving one of his sermons to a future president. With a PhD in land ownership issues, Graziano's thesis on agrarian reform in Brazil led to a break with the Left at the end of the 1970's. In this year's elections, the text is fully attuned to the proposal included in FHC's platform—the same one the PT charged had been plagiarized from its platform.

Besides this group, which has already arrived in Brasilia, Ambassador Luis Felipe Lampreia, Brazil's representative to the GATT, may be invited to share in the power. He was in Brasilia last week and with FHC when he entered Planalto Palace under the watchful eyes of the press, which caused the president-elect to remark to his diplomat friend: "They've just made you Foreign Minister." It was a joke that has every chance of becoming reality if the preference does not go to Celso Lafer, who carries the burden of having been Collor's minister. On Thursday 10 November, it was sociologist Gilda Portugal's turn to meet with FHC. She is a former advisor at the senator's political office in Sao Paulo who later served in the Montoro administration [Sao Paulo state], and in the finance ministry during Bresser Pereira's reign. They are longtime friends, as is Jose Arthur Gianotti, also a sociologist, and a college classmate of Fernando Henrique, who thinks Gianotti is the best of the best in sociology in Brazil. Two more from the field of human sciences are Eduardo Graef, a worker in the 1978 campaign and colleague from CEBRAP [Brazilian Analysis and Planning Center], and Danielle Ardaillon. Also on the list of possible invitees are former secretary of culture in the Montoro administration Jorge Cunha Lima, and Sarney's former Minister of Social Security Raphael de Almeida Magalhaes. Among those who frequent FHC's *paulistano* circle but who will probably be merely favorite interlocutors of the president are former Deputy Fernando Gasparain and sociologists Francisco Weffort and Boris Fausto. None of the potential chosen ones knows what position he will hold. Fernando Henrique himself likes to joke: "So far, the only ones whose appointments are sure to appear in the Official Gazette are myself and Marco Maciel."

[Box p 32]

Right-Hand Man and Image Maker

Ana Tavares and Eduardo Jorge Caldas were the duo closest to the future president while he was a cabinet minister. Ana, a journalist, was assigned to take care of the media image of FHC as an intellectual and sophisticated politician. Eduardo Jorge, chief of staff, was in charge of implementing the plans that popped into his boss's head. Always together, they were the only ones FHC took to Itamaraty and, later, to the finance ministry. Eduardo is an economist and has a doctorate in public administration from the University of Albany (United States). For 11 years he has been the president-elect's right-hand man. Retired from the Senate staff, he has lived in Brasilia for more than 30 years. Ana is from Sao Paulo and the daughter of one of Brazil's pioneer social columnists, Tavares de Miranda.

Sao Paulo Residence

95SM0083B Sao Paulo ISTOE in Portuguese 16 Nov 94 pp 33, 34

[Article by Patricia de Andrade: "Republic of Vilaboim"]

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[FBIS Translated Text] Being close to the seat of power could cost no less than $300,000. For five months, the apartment on the first [second, by U.S. reckoning] floor of the Scarsdale building has been for sale. The building's address is now one of the most coveted in Brazil: 1019 Maranhao Street in the Higienopolis neighborhood in Sao Paulo's west zone. Thirteen floors above it live president-elect Fernando Henrique Cardoso (FHC) and his wife, anthropologist Ruth Cardoso. Purchasing this three-bedroom, 300 sq meter property is not a passport to ministries in Brasilia. On the other hand, it affords other benefits to those who are fatally attracted to the court—sharing an elevator with Fernando Henrique, exchanging pleasantries with him, or simply watching from a front-row seat the parade of officials that has become routine since the elections of 3 October. There is also a cheaper option. An apartment on the eighth floor is for rent—for R$2,000. "Some people ask to go up just to see what an apartment like that of the future president looks like," remarked real estate agent Marizia Martins Bueno. Living near fame also has inconveniences that discourage even the die-hard curious. "One man gave up the idea of buying the apartment because of the commotion caused by the press," the realtor said. Besides the everyday pleasures of crossing paths with FHC in the building on Maranhao Street, whoever becomes yet another neighbor of the future president will discover advantages and peculiarities.

One of the advantages: tighter security. A Military Police cruiser makes rounds 24 hours a day. When Fernando Henrique is there, the building also gets Federal Police agents. Those who visit Higienopolis have already noticed that the place has become an island of safety in a neighborhood used to muggings and theft. "I don't even live here, but I park my car across from the building every day," reports Carlos Alberto Marcondes, who teaches history at the Rio Branco School, 100 meters away on Maranhao Street.

The peculiarity: *Dona* Ruth is not only an intellectual but has been active in the building's management. She was vice president of the condominium board in 1983, and its president in 1984. During the 1980's, the 15 families who live there (the building has one apartment per floor) decided to hand over responsibility for condominium management to the dictatorship of the Little Lulu club. "We realized that women understand these practical things better," recalls Nilo Signorini, 71, a retired engineer who lives on the 4th floor of the Scarsdale. According to her neighbors, Ruth was a good manager during the two years she was in charge of the building.

Domestic activities in the couple's apartment, however, are in the hands of faithful cook Terezinha and chauffeur Gilberto Passos. With the Cardosos for seven years, Passos, when not driving for the family, pilots his shop in Vila Brasilandia on the northern edge of the city—it specializes in satellite dish antennas. "A funny coincidence, kind of ironic, isn't it?" he jokes. Less talkative, Terezinha, the cook, wins friends through their stomachs. Concierge Jose Fidelis is a fan of the gnocchi she always makes. "Terezinha doesn't say much, but she cooks well," Fidelis said. During the presidential race he was the one who distributed all the campaign materials to the neighborhood.

After having experienced the Collor era, marked by the ex-president's acrobatics on the jet-ski and his Sunday jogs around Brasilia's North Lake, the country survived the "Cheese-Roll [bland] Republic" and amused itself with the amorous adventures of President Itamar Franco. Now it's time for the Republic of Vilaboim. The reference is to Vilaboim Square, center of activity in Higienopolis. Until a few years ago, it was a peaceful green space surrounded by apartment houses, but it has since become a meeting place for the prosperous of the region. Residents love to say that Vilaboim, with its restaurants and bars, is a little piece of Europe in the middle of Sao Paulo. A provincial exaggeration. Vilaboim has both a Belgian side and an Indian side. Example: street urchins asking passersby for change.

Tables at the sidewalk cafes are so jammed together that pedestrians have trouble walking by. Cars are double parked and traffic is getting heavier and heavier. But there is charm, too. One of FHC's favorite restaurants is Caffe Ristoro Romano. In pre-election days, Fernando Henrique and his family dined or lunched there at least once a week, sitting at table 21, strategically situated on the upper floor, with the best view of the square. Almost next to the Romano is the Nabuco bar and restaurant, yet another spot that is in vogue in Sao Paulo. The restaurant was born a year ago out of a partnership of nine intellectuals in different fields, five of whom live in Higienopolis. Because of writer Fernando Morais, a PMDB [Brazilian Democratic Movement Party] supporter and one of its owners, the Nabuco was dubbed the only PMDB stronghold on the square. That is not strictly true. "A lot of us are sympathizers of the PSDB [Brazilian Social Democracy Party] and the PT [Workers Party]," said another of the nine partners, sociologist Carlos Doria, who was even one of Ruth's students.

Correction to Foreign Minister-Designate on Mercosur

PY2812201694

The following correction pertains to the item headlined "Foreign Minister-Designate Lampreia on Mercosur," published in the 28 December Latin America DAILY REPORT, page 42:

Column one, last paragraph, first sentence make read:- ...initial appointment as foreign minister elicited a... (correcting "finance" to "foreign")

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Chile

Contreras, Other Officers Receive Amnesty in Case of Missing Personnel

PY2812220694 Madrid EFE in Spanish 2113 GMT 27 Dec 94

[FBIS Translated Excerpt] Santiago, 27 Dec (EFE)—The Chilean Supreme Court today ruled full amnesty in favor of General Manuel Contreras, retired, the former secret police chief, and other military men in a case involving 70 people who disappeared after their arrest. The Supreme Court rejected by four votes to two an appeal against a Military Court decision and confirmed the military court resolution enforcing the 1978 Amnesty Law which benefits Contreras and the other former officers.

This case is now definitely closed. It was considered by human rights organizations as the most important because of the number of the arrested-missing involving the chief of the dissolved National Intelligence Directorate (DINA), the secret police under the military regime of General Augusto Pinochet.

Lawyer Nelson Caucoto, the plaintiff lawyer in this case, expressed his disagreement with the court decision. [passage omitted]

Foreign Ministry Prepares Proposal for Links With EU

PY2912024894 Madrid EFE in Spanish 1710 GMT 27 Dec 94

[FBIS Translated Text] Santiago, 27 Dec (EFE)—The Chilean Foreign Ministry is giving the final touches to a proposal for an association with the European Union (EU) that will be presented to a European mission scheduled to visit Chile in early January.

The Foreign Ministry is working hard on alternate formulas for bilateral links with the EU, said Carlos Klammer, director of the Foreign Ministry European Department, in comments published in today's issue of LA NACION. Klammer said that the best option for Chile is an association with the EU because the association establishes political and cultural aspects along with a free trade agreement. The other possibility, which has not yet been discarded, is the signing of a treaty that would only cover trade and a cooperation agreement.

During the summit held in Essen, Germany, on 9 and 10 December, the EU accepted the bilateral negotiations proposed by Chile some months ago. The EU decided in Essen to start negotiations as soon as possible with the Mercosur [Common Market of the South], which always had priority, but it also decided to negotiate agreements with Mexico and Chile.

Chile signed bilateral trade agreements with Colombia, Mexico, Venezuela, Ecuador, and Bolivia. It is also negotiating some kind of association with the Mercosur, and it is about to begin official talks to join the NAFTA, which is comprised of the United States, Canada, and Mexico.

Need for Legislators To Engage in NAFTA Talks Viewed

PY2712130494 Santiago EL MERCURIO in Spanish 14 Dec 94 p C2

[FBIS Translated Excerpt] Valparaiso—Senate President Gabriel Valdes yesterday told the Chamber that legislators must coordinate with the U.S. Congress, just as Mexican legislators did, because the U.S. legislative branch, particularly the Senate, will make the final decision on Chile's entry to NAFTA.

Valdes admitted that legislators still do not know what the U.S. Congress will decide. He said: "We know there are promising signs but we are also aware of the strong objections to certain aspects of expanding NAFTA. Therefore, I urge the government to be cautious and keep us informed, while we in the Senate must do our part—which I believe is essential."

Yesterday Valdes addressed the Senate on NAFTA and the Chilean foreign policy. He noted, however, that while Chile should feel satisfied that Mexico, Canada, and the United States have invited us to join NAFTA. He said we should not be euphoric but must be cautious. He said: "Euphoria only leads to indulgence; it does not allow a serious assessment of the future, its exploitation, or help to work toward the next stages."

Referring to the diplomatic work achieved by the administrations over the past three years, Valdes said Chile has yet to join NAFTA, and the terms and conditions are still unknown because it is still not clear how Chile's case will relate with that of other Latin American countries. Valdes added: "We are aware that certain requirements will have to be met, which is only normal in these cases, but these may affect significant Chilean interests."

He said there has been talk for some time on the need to establish, in some cases before the formal negotiations, certain conditions in the agricultural and copyright fields, the treatment granted to foreign investments and the flow of capital, services, especially professional services, and other issues.

Valdes said he is especially concerned about agriculture, traditional crops, cattle breeders, dairy farmers, and producers of grains and other products. He emphasized: "We must inflexibly defend national interests," especially the interests of more than 900,000 Chileans whose income depends on agricultural products. The Senate president added that agriculture is not a secondary activity as many think, adding that every country protects this sector. He said the agriculture minister and Chilean farmers must prepare a negotiating strategy.

He urged the government to disclose full and accurate information on future negotiations, the current situation, and possible agreements that may be reached to

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guarantee Chile's entry to NAFTA. "An enriching debate will be possible only if the people and those who represent them are given accurate and full information, if the media publish unbiased and complete information, free of any propaganda or anticipated triumphalism," said Valdes, adding that international policy is like the perfume industry: If the product cannot be improved then the container must be improved.

He then highlighted the need to help the Latin American countries that historically and culturally represent our natural relations and with which our economic and human relations grow stronger than with any other region of the world. Valdes said: "I admit the importance of NAFTA for Chile. If the U.S. businessmen, government, and academics show interest in the potential of Latin America as a market and the dynamism of its economies, it would be a great mistake to repeat the 'Goodbye Latin America' [as published] policy of some years ago." Valdes referred to the coordination needed in these negotiations, the foreign policy that must be developed and, especially, the role legislators must play.

He ended his address by accepting a proposal for the Senate to form a special commission to handle Chile's participation in NAFTA negotiations. [passage omitted]

Colombia

FARC Members Destroy Police Barracks in Beltran

PA2812132894 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 28 Dec 94

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Santa Fe de Bogota—The preliminary toll of a guerrilla attack on the community of Beltran, Cundinamarca Department, is one policeman dead, one injured. Deputy National Police Commander General Luis Enrique Montenegro Rinco is en route to the site of the attack by helicopter. He said 70 men from one of the FARC [Revolutionary Armed Forces of Colombia] fronts destroyed the police barracks. Gen. Montenegro Rinco said the fate of the other police officers in the barracks is unknown. Members of the Army's 13th Brigade have been dispatched to the area. The high-ranking officer confirmed the attack occurred at 2300.

Main ELN Negotiator Apprehended in Cucuta

PA2812185094 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 28 Dec 94

["Last-minute report"; from the "National Newscast"]

[FBIS Translated Text] The "National Newscast" has just learned that guerrilla member Antonio Garcia, the main negotiator of the ELN [Army of National Liberation] in the Tlaxcala and Caracas talks, has been captured in Cucuta. Garcia was captured a few hours ago at Cucuta's Camilo Daza Airport. This is the second most important arrest in recent years, following Francisco Galan's arrest.

Anti-Corruption Prosecutor Dismisses 15 Officials

PA2812235494 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 28 Dec 94

[From the "National Newscast"]

[FBIS Translated Text] In only two weeks of work, the prosecutor in charge of fighting corruption has ordered the dismissal of 15 officials. The internal problems at the prosecutor's office are so serious that such a special office had to be created to curb corruption and put the house in order.

Corruption is a headache for the prosecutor's office: files are missing, questionable decisions are being made, and the processing of cases is unjustifiably delayed. For this reason, a team of expert investigators was created to end the bribing of officials.

This man, Carlos Mario Isaza, is the head of the anti-corruption unit. In less than two weeks, he has unmasked several employess of the prosecutor's office.

[Begin Isaza recording] The project was just started, but we have already caught 15 employees in illegal activities. [end recording]

According to Isaza, one of the main causes for the moral deterioration affecting the institution is the lack of control over former criminal investigations personnel and other organizations that went under the prosecuting office's supervision.

[Begin Isaza recording] There was a total lack of control. Files disappeared and decisions were negotiated without the institution having a say. [end recording]

Paradoxically, eight years ago, when Isaza was the Villanueva mayor in La Guajira, the municipal council declared him persona non grata after he dismissed 12 corrupt officials who had the politcial support of Isaza's adversaries.

Liberal Party Expels Members for Corruption

95P20310 Santa Fe de Bogota EL TIEMPO in Spanish 11 Dec 94 p 6A

[FBIS Translated Text] The Liberal Party's Council for Ethics Control is determined to perform its duty in a thorough manner and to show no tolerance for acts of corruption, expelling from the party those who violate the rules governing elegibility or whose behavior does not conform to moral standards.

Just as the syndrome of being divested of their congressional seats has made legislators nervous during the review of laws, like the one regulating television broadcasting, such severe disciplinary action serves as a clear

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warning to those who have become accustomed to engaging in acts of political corruption with impunity.

The first step was the expulsion of Cesar Perez Garcia, former president of the House of Representatives, for conflict of interest, and the suspension for one year of former senator Jose Ramon Navarro Mojica for simultaneously serving as a legislator and as rector at the Free University. The legislators were divested of their congressional seats by the Council of State.

More Disciplinary Action

The Ethics Council met yesterday to decide the case of former senator Ricaurte Losada, who had also been divested of his congressional seat, and proceedings are ongoing in the cases of legislators Felix Salcedo, Jairo Ruiz Medina, and Emiro Raul Perez. Six persons of established moral character comprise the Council for Ethics Control: Lavide Rebage, Andres Gonzalez Diaz, Alvaro Ceron Coral, Juan Manuel Charry, Benjamin Montoya Trujillo, and Gustavo Zafra. Rafael Guarin is the secretary. As a general rule, those who are divested of their congressional seats must be expelled from the party. However, is was decided to maintain some flexibility in applying this rule, because introducing an article into a law in order to favor individual interests is not the same as directing a center for studies while serving as a legislator.

Former representative Cesar Perez Garcia this week protested his expulsion for the party, saying the Council for Ethics Control does not have the authority to expel him. He later announced he would appeal the decision at the National Convention which has been called for 13 May.

New Legislation

It is the first time that the party has gone so far as to expel members and it is the result of the new law on political parties. Law 130 requires political parties to have a code of ethics and a tribunal charged with handing down decisions. The Liberal Party was the first to fulfill this mandate, but the Conservative Party also registered its code before the deadline set by the Electoral Council.

Upon expelling Cesar Perez Garcia, the Ethics Council stated: "Mr. Perez Garcia's conduct consisted in having violated the rules governing conflict of interest set forth in the Constitution, as a result of which the judicial authorities ordered that he be divested of his congressional seat."

"It is condemnable that, having been elected as a representative of a group of citizens, certain programs, and Liberal ideals, that Mr. Perez Garcia permitted these to be confused with the interests of an institution with which he was personally associated with the resulting judicial action.

A "Mico" in his Pocket

Article 132 of the Higher Education Law whose text was approved with the modifications expressly proposed by Cesar Perez Garcia, reads:

"In order to comply with the objectives of cooperative education established in Law 79 of 1988, as of 1 January 1993, at least half of the resources earmarked for education in Article 54 of the above cited law must be invested in academic programs of higher education, offered by economic institutions in solidarity with legally authorized higher education."

The Ethics Council states in this regard: "In view of the preceding statement and given Perez Garcia's capacity as a contributing member of the Cooperative University of Colombia, there is clearly a conflict of interest because he participated in the formulation of a law which assigns public resources to an institution to which he belonged and in which he took part. [no end quotation as published]

Events in Guaviare Termed 'Small-Scale Coup'

95CA0073A Santa Fe de Bogota EL TIEMPO in Spanish 16 Dec 94 p 4A

[EL TIEMPO editorial: "A Crisis"]

[FBIS Translated Text] What has occurred in Guaviare is something more serious than a mere work stoppage, or action aimed at impeding the construction of a road, or forcing some situation detrimental to the community's interests. Without arousing excessive alarm, and with the proper discretion, what is happening there could be called something like a small-scale coup d'etat, or possibly an eruption as dangerous as the initiation of an independent republic would be.

In Guaviare, all the principles constituting the rule of law are being violated. The drug traffickers have unabashedly established the sources of production for their repugnant industry there. Coca plants are being grown on extensive areas, and are being processed right there in large laboratories, so that the drugs can be exported to many parts of the world. This is nothing new, and perhaps we are in this predicament because of having allowed its growth.

By force, there is an attempt to prevent the crops' destruction; by force, there is an effort to obstruct the Armed Forces' action; by force, hundreds or thousands of growers are being obliged to undertake a protest that could assume serious features. The country is viewing with astonishment what is occurring in Guaviare, and hence we hasten to advise the government to urge our compatriots to offer all the backing necessary for it to act with the required firmness.

The attacks on helicopters assigned to keep surveillance over the region, several soldiers wounded, and an officer killed are more than sufficient proof to convince us, not

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of the poor peasants' position, but rather of the intentions of those who, concealed by outward appearances, comprise the powerful industrial force and the network exporting a product that brings only harm to mankind.

It has been rightly claimed that those growing coca have no other means of subsistence. And, again, it is being argued in public, with all the uproar possible, that, with fumigation (the best weapon for destroying these dangerous plantations), very grave damage could be caused to the population and to other crops. The topic under discussion has been debated widely, not only in Colombia but abroad as well, and any dangerous reaction from the use of fungicides has been discredited with sound reasons. All these negative arguments are being raised for a single purpose: to prevent the coca from being destroyed, thereby enabling the traffickers to continue their activities.

The fact that a substitute for the present crops should be sought is a very clear rationale. To attain this goal, a well thought-out plan must be prepared, within a very short time, with real incentives. And, if necessary, cooperation should be requested from countries such as Peru, the United States, etc., which are quite familiar with the situation, and could contribute some very helpful experience in this regard.

The situation should be studied, taking cautious action, but what must not be permitted is the existence of a part of Colombian territory in which the State cannot act to impose the law through the exercise of the Armed Forces, as stipulated in the Constitution. There must be a clear, insightful interpretation of everything that is occurring, overtly or covertly, and dangerously, in the rich region of Guaviare. The "narcos" have acted brazenly, and the government must confront the challenge objectively, firmly, and decisively.

Sometimes, or rather always, it is more practical to face the facts including the danger entailed in their reality. And we are fearful, unfortunately without error, viewing what is happening with fear but with equanimity; because there is still time to forcefully repel an attempted imposition of the corrupt drug trafficking world on the Colombian State.

As for the crops, reflection is also fitting. A study should be made of how the peasants made their living before the coca boom, leading them back to the farming or livestock work in which they were previously engaged, and supplying them with technical assistance and more equipment. This could be a rapid solution.

Rapid Shift in Petroleum Sector Policy Urged

95CA0076A Santa Fe de Bogota EL TIEMPO in Spanish 15 Dec 94 p 1B

[FBIS Translated Text] The oil companies operating in the country will propose that the government eliminate, or at least reduce, certain tax burdens.

According to the companies, taxes such as the "war tax" and those for remittances are causing petroleum investment to lose its profitability.

The executive president of the Colombian Petroleum Association (ACP), Alejandro Martinez Villegas, declared that the country is losing its competitiveness with other nations, primarily because of the burdensome taxes that the oil companies must pay.

He explained that, in Colombia, of every $100 generated by petroleum, only $15 are left with the multinationals, and the remaining $85 are distributed among taxes, royalties, and the nation.

The ACP prepared a study titled "Exploratory Investment: Colombia Compared With the World." It analyzes the country's competitiveness on a worldwide level, the effect of the partnership contracts on the future of petroleum, and the sector's contribution to development.

The study indicates that, whereas in other countries the prospecting work for a well costs an average of $3 million, in some regions of Colombia that cost exceeds $15 million, as a result of the national geology.

To demonstrate the lack of competitiveness, the study makes a comparison between Colombia's situation and that of 10 other countries: Algeria, Argentina, Australia, China, Ecuador, the United States, Great Britain, Indonesia, Nigeria, and Peru.

There were two bases for the selection of those countries: The study first viewed those of considerable importance to the petroleum industry now, because they are current producers, or have great potential; and, second, those nations that have recently amended their tax systems to attract foreign investment.

Nevertheless, no detailed explanation is given of that potential on the prospecting level in each of those countries.

Although the government is not yet willing to commit itself to the elimination or gradual reduction of certain taxes, EL TIEMPO learned that the Ministries of Mines and Finance are preparing a study to discover the means for making the investment more attractive.

The Finance Ministry expects the tax conditions for implementing this proposal to be provided.

The Results

The study, besides claiming that Colombia is not competitive, indicates that it has the highest tax burden level at present.

It notes that, despite the reforms introduced in contracts this year, the country still offers some of the lowest profitability rates in the entire world.

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Making a comparison with other countries, it shows how the different systems used by Colombia are not attractive. According to Martinez, the profitability offered by the country falls short of that in nations such as Cuba, Argentina, and now the Asian countries.

The study also points out that, although incentives have been given to the large prospecting fields, the small and medium-sized ones, representing the majority in the country, do not yet have genuine advantages. It recommends that measures be adopted to improve these conditions.

This situation has led to a considerable reduction in the prospecting process. There was a decline from 52 wells drilled in 1988 to 20 in 1994, and six of these were managed by the Colombian Petroleum Enterprise (Ecopetrol).

Martinez stressed that the changes required by this industry must be made as soon as possible, "because the measures and policies in the petroleum prospecting area take several years to produce their effects."

He also remarked that the country cannot remain in a cloud of optimism over the discoveries made to date, claiming that, by the year 2004, when Cusiana must reduce its production, a different system will have to be ready.

Making an assessment of the petroleum industry's contribution to the Colombian economy, he maintained that, during the last decade, 8.0 percent of the tax revenues originated in the sector.

During 1993 alone, the oil companies contributed 846 billion pesos to the country, 260 billion of which were paid as royalties, and 70 billion as income tax.

Nevertheless, the oil companies have expressed optimism regarding the new government, because the development plan itself (Social Leap) calls for investments exceeding 7 trillion pesos.

Moreover, the plan devised by Ecopetrol states that, during the next decade, the investments will total approximately $18 billion, of which sum $2.6 billion will be for prospecting.

Ecuador

Energy, Mines Minister Dies in Traffic Accident

PA2512224194 Mexico City NOTIMEX in Spanish 2143 GMT 25 Dec 94

[FBIS Translated Text] Quito, 25 Dec (NOTIMEX)—Gustavo Galindo, the Ecuadoran energy and mines minister, died today in a traffic accident on a road near Guayaquil, approximately 450 km southwest of Quito, local police reported.

Galindo, who assumed the post two months ago, was traveling in a vehicle that turned over on the road that links Guayaquil to the Salinas bathing resort in the Ecuadoran Pacific, the source added.

The official's remains will be transferred to Guayaquil tomorrow, Monday. The funeral, which will be attended by President Sixto Duran Ballen, will be held in that city.

Galindo is the second minister in Duran Ballen's cabinet to die in an accident and the fourth top-ranking government official who has died unexpectedly.

Pedro Zambrano, then the information and tourism minister, died in a airplane accident near Quito in December 1992. Shortly thereafter, Army General Commander General Carlo Magno died in similar circumstances.

Country Urged To Prepare for 2005

95SM0094A Guayaquil EL UNIVERSO in Spanish 18 Dec 94 p 7

[Commentary by Raul Izurieta Mora Bowen: "The Summit"]

[FBIS Translated Text] Quito—The trend continues. The world is opening up so that it can be understood better and so that solidarity will grow. Like never before, trade is of interest to all. There is more competition. People must efficiently produce top quality merchandise if they want to meet the challenge of today's world.

Latin America has begun to emerge from the darkness in which it lived for close to 20 years, during which dictatorships and state-run economies predominated. A few countries have been more flexible and successful than others, and a few others, like ours, have not yet taken off to emerge from the lost years that we endured.

Latin America is starting to make its true stature and influence felt. Latin America is the market with the best prospects for the developed world. Brazil, for example, trades more with the United States than do the majority of European countries. Mexico has sales of more than $23 billion on world markets. Chile's economy is strong enough so that it can impose conditions for the sale of its goods, even on the industrialized nations. Argentina no longer fears the dictatorships of yesteryear, and the whole world is watching Guatemala and El Salvador to make sure that human rights are better respected. The entire continent is improving. This is why we are important. This is why the summit was held. This is why we are gaining recognition.

The new Latin America taking shape is the result of efforts by all. It reflects a change of attitude and mind-set among average people who used to complain and defeat themselves all the time but are now forging their own new present and future. By now almost all of us have renounced the jingoistic language devoid of faith and hope by which we sought to justify our incompetence.

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We are replacing it with action, with discipline, with faith in our abilities, and with the attitude that we too can succeed.

The Summit of the Americas puts behind us the attempts at integration that have always failed. The outlook now is one of greater opportunity, as the two giants on the continent, the United States and Canada, are joining together to achieve development for the Americas, including the islands of the Caribbean.

The target year is 2005—10 years away. The work must begin now. In Ecuador's case, both the government and the private sector must plan and organize our participation for 2005. Today! Right now, so that we have no regrets in 10 years. We must begin by changing the mind-set of limitation, incompetence, and complaint in which the generation that is now in its most active years was educated. Our young people between 15 and 30 years old, who will be taking up the challenge agreed upon, must be trained to move Ecuador forward so that it can partake actively and dynamically in international trade, participatory democracy, social opportunities, and straightforward procedures, which were precisely the goals that our president reaffirmed in Miami on behalf of his people. Opportunity knocks. Our world will be broader. Let us modernize our hearts and minds and let us help the country and the continent move ahead towards the common goals of prosperity and brotherhood.

Paraguay

President Discusses Armed Forces, Corruption

PY2812123694 Asuncion ABC COLOR in Spanish 21 Dec 94 p 22

[FBIS Translated Text] President Juan Carlos Wasmosy told us: "The Armed Forces continue to be a solid guarantee for the democratic process and will not upset the tranquility of our people. On the contrary, the Armed Forces are the most jealous custodians, and their members have made the best effort to adapt to new times." Still referring to the Armed Forces, he said they are aware of the responsibility needed to consolidate democracy and to guard the welfare of all Paraguayans and foreigners living here. "If disagreements surface among the members of the Armed Forces, which is natural in any family, I am sure they will be resolved on the basis of the respect, discipline, and loyalty that has always characterized men of arms."

Wasmosy added: "The time when innocent soldiers were sacrificed for personal gain is behind us. Today, in this new era Paraguay is experiencing, parents can be sure their children will return healthy and safely to the bosoms of their families because while they are serving the fatherland they also learn a profession which they can follow with dignity to earn their daily bread."

He added: "It is evident there are deficiencies, as there are in other sectors, but there is a firm will to professionalize and perfect the members and dignify the Armed Forces."

"Changes and transfers within their ranks will not be done on impulse. They will occur because that is the way within the Armed Forces. The era when generals remained for years in their posts, without allowing others a much desired promotion, is now history. Military men may rest assured their ability is the only condition for promotion."

He emphasized that everyone has the right to promotion if they are ready for it. He added: "If not, it would be dishonest to hold an officer eternally in a determined place. They are always dealt with on rotation, strictly based on the qualifications of each man."

Referring to recent rumors of unrest in the Armed Forces, Wasmosy reiterated: "The people can remain calm, sure of our desire to seek better days for all my fellow citizens. Nothing and no one will break our peace, will interrupt our tranquility, will block our path toward full democracy."

Asked about his relations with General Lino Oviedo, the Army commander in chief, Wasmosy said they are normal, that no problems exist between them. Again refuting rumors of an alleged lack of stability in the military ranks, the president said: "There is full institutional normalcy, which is important for the population and the best guarantee for all Paraguayans. Of this they can be sure."

He then commented on false rumors, which help no one, and added that it is important to work together.

He highlighted that instead of creating rumors "we should all strive to bring progress to the country in harmony." He stressed that senseless rumors only serve to create a negative image of our country. These rumors, he indicated, do not favor foreign or national investment.

He said: "An atmosphere of calm attracts the investors who are needed to create more jobs for our fellow citizens."

President Wasmosy stressed: "Corruption is our main enemy, but we have decided to fight it." He acknowledged that this practice persists in some sectors, but the government will demonstrate with facts that it will firmly eradicate the scourge.

He said smuggling, paying commissions, fiscal evasion, etc., are an inheritance from the past, "but just because we have inherited them does not mean we will avoid our responsibility. It would be unjust to lay all blame at our feet."

Briefly evaluating the past year, Wasmosy commented that the educational sector, for example, is "an obsession" for the government. He stated that all efforts are

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being made to improve the education of children and youths "who will succeed us. We are responsible to them for any deficiency. We have the obligation of giving everything so that tomorrow they will be proud of those who had the responsibility of guiding the destiny of our fatherland."

Regarding the health sector, he said: "We inherited a complex situation." He emphasized, however, that the government is determined to give the appropriate attention to all sectors, and "as proof of this, it is our desire to provide more resources to the health sector so that everyone will be included."

He stated that political problems are normal. He said: "It is important to acknowledge them and to act coherently in order to seek solutions." He called on all sectors to work for the country, saying: "We have made mistakes, but we have enough strength to admit them and to correct them."

He said: "I can be proud—not just me but all Paraguayans—because in a short time Paraguay has democratized and improved the functioning of all its institutions. Complete freedom and guarantees have been achieved, and lately the Council for Magistrates has been created. My government put every effort into creating a judicial sector without distinctions."

He said that these events are the best presentation for the international community "from which I am receiving permanent support and motivation. Our country is no longer an island. We can speak as equals with our heads held high, as we did during the Summit of the Americas in Miami. A total of 34 presidents, all democratically elected, met there. Our position was an important reference regarding the topics discussed."

Still talking about freedom, he recalled the freedom of the press, and maintained that it is fully operational in our country. He said: "Criticism is the best way to improve our actions. There is no better support for democracy than freedom of the press, and this is why we value the criticism of an objective media."

During the interview Wasmosy said the government believes development must be based on a better standard of living. He said the course of action is to fight poverty and increase education.

He commented on the recent Mercosur [Common Market of the South] presidential summit in Ouro Preto, Brazil, saying: "Agreements should not be solely economic, they must also contain a profound social projection so that we will very soon end poverty."

Wasmosy insisted on the need for greater access to training "because we are in a world in which the best trained have a greater knowledge of things."

He stressed that with the implementation of Mercosur we must demonstrate that we are in a position to compete in the trade sector. He indicated that quality and prices will be the qualifying factors for products.

He recalled that Mercosur is now a reality through the decision and the will of its governments and people.

Wasmosy also highlighted the importance of consolidating this subregional organization, adding that it is open to those who want to become members, but the regulations that gave life to the organization must always be respected. He stressed that with more members it will be much stronger.

It is known that Chile and Bolivia have expressed interest in joining the bloc. On more than one occasion the presidents of those countries expressed interest in joining the market that will begin with 200 million consumers.

During the Ouro Preto meeting last week, the presidents of Argentina, Brazil, Paraguay, and Uruguay gave the final push for the implementation of the organization, which will begin to operate as of January 1995, thus complying with the established schedule.

Mercosur was born in Asuncion in 1991 when the chiefs of state signed the Treaty of Asuncion. Other blocs have shown interest in Mercosur—among them the EU—thus outlining a more ambitious goal, starting with the hemispheric meeting in Miami where the presidents decided to integrate the Americas in 2005.

Peru

Popular Christian Candidate Withdraws From Presidential Race

PY2812132594 Lima Global de Television Network in Spanish 0130 GMT 28 Dec 94

[FBIS Translated Excerpt] In her first statement to the media after her political party decided to withdraw her candidacy for the presidency of the Republic, Lourdes Flores Nano said that this decision should not be interpreted as a defeat, and not as an opportunistic but rather a realistic measure. Although she admitted it was a hard decision to make, it was the best for the Christian Popular Party. This is what she said:

[Begin Flores recording] We have all agreed that it is still not the time. We have therefore decided to take a step to offer the country, from Congress, a team that I hope will be very competent and representative, because Peru needs balancing and stabilizing forces. It was without a doubt a difficult decision to make, but we believe this will probably be a more realistic and comprehensive way of contributing to the country. We have not abandoned the battlefield, and the transition toward a democratic recovery continues. I hope the constituents, with their characteristic good sense, will find the forces and counterforces necessary for democracy by voting for the presidential candidate they deem the most suitable, and search for the balance that the PPC proposes from

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Congress. I believe the political scenario will be kind of polarized from now until April, and all Peruvian citizens must be involved in this process.

It seems that our proposal, although it has received many signs of affection, does not enjoy direct support. Our project for the future continues its life with the support of all the members of my political party. If I obtain a seat in Congress, with the help of the people, I will undoubtedly have to work very hard with the group of legislators we propose so that our proposal might in the future be regarded as an alternative that matures and grows. [end recording] [passage omitted]

Efforts To Remove Hermoza Described

PY2312180094 Lima CARETAS in Spanish 15 Dec 94 pp 10-13, 80

[Unattributed article: "The Tough War"]

[FBIS Translated Excerpt] The Army promotions board has ended with the promotion to brigadier and division general of a majority of supporters of General Nicolas de Bari Hermoza, the chairman of the Armed Forces joint command. Only a minority of Vladimiro Montesinos' supporters were promoted. In view of this, efforts to destabilize Hermoza by pillorying one of his closest aids, General Eduardo Bellido, seemed to have failed. On 13 December, Alberto Fujimori had no choice but to restore to Hermoza the title of "victorious general" and confirm him as general commander.

On 14 December Alberto Fujimori attended the closure of the Chorrillos Military School academic year, nearly going without any rest after his arrival at dawn from Miami and after meeting with [Democratic Constituent Congress President] Jaime Yoshiyama. The most significant part of his speech was when he discussed narcotrafficking by stating that "it infiltrates institutions (...) and when it does, it buys consciences, distorts loyalties and debases." In a period of less than two weeks, and as never before in these last four and one-half years, Fujimori insinuated twice that narcotrafficking has infiltrated the Army.

On Army Day, commemorated on 8 December and not on the 9th, as is traditional, because Fujimori had to travel to Miami, the president discussed the issue of narcotrafficking in the Army. He said that this scourge corrupts and destroys "basic institutions." Instead, Hermoza spoke about the "decisive action against drug trafficking" that the Army is waging and rejected the attack launched by "slanderers." He also stressed the Army's "staunch cohesion" and "monolithic unity."

Fujimori's sudden interest in the age-old infiltration of narcotrafficking in the Armed Forces is not due to a sudden and, up to now, unknown urge to moralize, but to a plan that sought to destabilize Gen. Nicolas Hermoza.

This is probably the objective of the also surprising coverage that the government-controlled media have given to charges against General Eduardo Bellido Mora, chief of the Huallaga Front in 1992 and 1993 and current Peruvian military attache to Israel.

Bellido repeatedly has been charged by Peruvian Army officials and DEA agents with involvement in narcotrafficking. These charges, however, have always gone unheard. Suddenly, Fujimori is interested in the issue and maintains that Bellido must be investigated. Moreover, the government-controlled media, which is usually tight-lipped about these charges, is suddenly suprisingly receptive and interviews Captain Gilmar Valdivieso, who presented evidence about narcotrafficking infiltrating the Army.

The reason for this change in Fujimori and the press that supports him is reportedly not only due to an interest in nailing Bellido, but also his chief and protector, Nicolas Hermoza, the Army commander and chairman of the Armed Forces Joint Command.

Up to now, Hermoza has firmly backed Bellido both publicly and privately. He not only kept him as chief of the Huallaga Front—where the FAP [Peruvian Air force] rotates its officers on a monthly basis to avoid their corruption—but also saved him by sending him to Israel, where Bellido had already served as military attache when he was a colonel. In doing so he broke an unwritten Army rule stating that an officer is never sent twice to the same country.

Involving Hermoza with narcotrafficking, albeit indirectly, is all part of a plot to have him removed. At this stage of the game, it would be very hard for Fujimori and his adviser, Vladimiro Montesinos, to find another excuse to get Hermoza out of the way. They promoted him by appointing him as the "victorious general" to find a credible pretext to extend his stay as general commander. In so doing, they assured for themselves control of the Army and Armed Forces.

Nevertheless, Hermoza, whom Montesinos selected for the post in 1991 because he lacked both talent and prestige within the Army—and because he was easily manipulated—began to slowly gain strength. He also appointed several of his supporters to key positions until he gained autonomy.

Last year Hermoza and Montesinos negotiated on equal terms the different Army promotions and assignments and the general came out victorious. It seems that this year, Hermoza has gained even more advantage.

The Promotions

Nicolas Hermoza personally advised the four brigade generals in question that they would be promoted to division general. With this, he intended to reassert his leadership in the Army. Fujimori merely stamped his signature approving the promotions.

Two of those promoted, like Hermoza, are from the Infantry: Luis [aka] "Tuto" Perez Documet and Cesar

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Ramal Pesantes. Alberto Rios Rueda is from the Artillery, and Manuel Pancorbo is from the Cavalry. [passage omitted]

Those who have been promoted to division general are the ones who have shown full loyalty to Hermoza, Fujimori, or Montesinos. Once again generals like Jorge Hoyos Rubio, Carlos Chamochumbi Mundaca—awarded with the sword of honor for his promotion—Hugo Martinez Aloja, Juan Peirano Sanchez, Mario Brito Gomero, and Cesar Solari Pacheco were relegated. Everyone believed that General Solari Pacheco was a sure bet for promotion—he is the Interior Ministry Intelligence Department director—now he has no choice because next year he will retire.

Others not promoted include Arturo Fernandez Andrade—President Alberto Fujimori's classmate, also considered a sure bet to be promoted—Walter Ledesma Rebaza, Luiz Chacon Tejada, Petronio Fernandez Davila, Felix Neyra Garcia, Santiago Gonzalez Orrego, and Luis Block Urban.

Brigadier Generals

Hermoza not only imposed his will in the promotions of division generals, but also in the promotion of brigadier generals. In all, 24 generals were promoted, which constitutes a record number of promotions. Nine of them are from the Infantry, like Hermoza; five are from the Engineers Corps; four are from the Artillery (like Montesinos); three are from the Cavalry; two from the Quartermaster; and one from Communications.

Those promoted in the Infantry are Adrian Roman Fernandez and Baltazar Alvardo Cornejo, from the "Juan Hoyle" class; MacDonald Perez Silva and Cesar Angulo Fernandez, from the "Jose Glavez" class; Walter Jave Huangal and Roger Burgos Leon, from the "2 May Combat" class and Vladimiro Montesinos' classmates; Felix Unda Rojas and Freddy Colque Castro, from the "Armando Blondel" class; and Juan Pita Montoya, from the "Francisco Cornejo" class. Montoya was in charge of the Army's moralization office. He received all charges on drug trafficking. The accusers charge that Montoya is siding with the commanders. He is one of Hermoza's men.

Those promoted in the Engineers Corps are Guillermo Rebagliati Escala, of the "Juan Hoyle" class; Daniel Mora Zevallos, of the "Jose Glavez" class; Walter Chacon Malaga, of the "2 May" class; Edgar Mercado Zedano, of the "Armando Blondel" class; and Ronald Zerga Romero, of the "Francisco Cornejo" class.

Those promoted in the Artillery Corp are: Juan Yanqui Cervantes, of the "Pedro Ruiz Gallo" class (Yanqui is detached to the SIN [National Intellligence Service]. He is from Arequipa, like Montesinos. On Montesinos' birthday, Cervantes said that the presidential advisor was the true architect of the antisubversive struggle). Gonzalo Oviedo Motta, of the "Juan Hoyle" class, and Abraham Cano Angulo and Percy Corrales Aranibar, both of whom are Vladimiro Montesinos' comrades in arms and classmates, were also promoted.

Those promoted in the Cavalry are: Jose Cacho Vargas, from the "Pedro Ruiz Gallo" class; Elias Espinoza del Valle, from the "Juan Hoyle" class; and Jose Malaga Ego-Aguirre, Montesinos' classmate.

Those promoted in the Quartermaster are: Guillermo Venegas Pinto, another of Montesinos' classmates, and Americo Fernandez Caceres, of the Jose Galvez class.

Also promoted was Armando Alcocer Lara from the Communications Corps. He is a member of the "Jose Galvez" class.

Breaking Alliances

More than a dozen former Army commanders and ministers of war attended Army Day celebrations held at Army headquarters on 8 December. What has always been a normal procedure is an unusual event today because since Nicolas Hermoza assumed the position of Army commander, his ties with former Army chiefs have deteriorated.

This is so first because many were against Vladimiro Montesinos' increasing influence. Second, because of the bad treatment accorded to Jaime Salinas Sedo and others involved in the 13 November coup attempt, in view of which all former commanders published on open letter in December 1992. Third, because Hermoza's reaction to the criticism—to try prominent retired officers like Luis Cisneros Vizquerra, Sinesio Jaram, German Parra, and others—resulted in a greater distancing.

On 8 December, however, several retired officers were at Army headquarters. Among them were Francisco Morales Bermudez, Jorge Fernandez Maldonado, Guillermo Arbulu, Pedro Ritcher, Francisco Miranda, Julian Julia, Julio Velasquez Giacaraini, and others.

Undoubtedly, Hermoza is trying to improve his image and his alliances by appearing as the defender of institutions. This is to the detriment of Vladimiro Montesinos and the activities of the SIN.

Venezuela

Caldera To Restore Some Constitutional Guarantees 1 Jan

PA2812192294 Caracas EL NACIONAL in Spanish 28 Dec 94 p D-2

[Report by Wilfer Pulgarin]

[FBIS Translated Excerpt] Sources in the government consider it a fait accompli that President Rafael Caldera will use his scheduled 1 January address to the nation to partially restore constitutional guarantees suspended on 27 June.

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Individual guarantees will be reestablished, but not economic guarantees, because it is believed that the reestablishment of economic guarantees would undermine several financial emergency measures.

Individual guarantees are outlined under Item 1 of Article 60 of the Constitution (no person can be arrested without a legal arrest warrant), Article 62 (the inviolability of the home), and Article 64 (free transit throughout national territory).

However, according to some sources, the chief of state will make a "small exception" with Article 64, specifically the part that says all Venezuelans can carry goods into or out of the country with no limitations other than those established by law. It was explained that this freedom will remain suspended in an effort not to interfere with the seizure and expropriation processes now being implemented by the Attorney General's Office. [passage omitted]

New MAS Secretary General Profiled

95SM0080A Caracas BOHEMIA in Spanish 31 Oct 94 pp 32-34

[Interview with Enrique Ochoa Antich, secretary general of the Movement Toward Socialism, by Teodoro G. Franco; place and date not given]

[FBIS Translated Text] The new secretary general of the Movement Toward Socialism (MAS) is committed to the work of President Caldera because he, Caldera, and the MAS are the government. He is not sitting at the right hand of God the Father, but he will behave like an archangel. His alliances for future elections will be with Convergence, and perhaps some minority party or another, but he will not give Democratic Action (AD) or the Social Christian Party (Copei) the time of day. He would have preferred to be secretary general during the days of Carlos Andres Perez, so that he could be a true opposition. Now he has to be careful what he says.

Enrique Ochoa Antich studied political science at the Central University of Venezuela (UCV), but he never finished his degree because he was elected alternate deputy during the Jaime Lusinchi administration. He has been involved in the MAS since that movement was born. He was then 16 years old and a student at the Simon Bolivar High School in San Cristobal. He is the son of an Andean, Major Santiago Ochoa Briceno, "to whom I owe half of my political convictions. The other half I owe to my mother, who is a Catholic, Christian, Caracas native, an AD member in her youth."

Enrique recalls: "That mixture of Andean...I do not remember ever playing ball with him, but I remember him reading me the letters Bolivar wrote to Sucre and Sucre to Bolivar; he spent many hours talking to me about history. From my mother I inherited a lot, the part that is most closely linked to the social sensitivity of Christianity. I inherited from my father perhaps the interest in history, and from my mother, the sensitivity. I was a devout Christian in adolescence, and now I consider myself a Christian." The youngest of eight children (five sisters and two brothers), he was born in Caracas in 1954.

The Dream of a Bohemian

[Franco] What motivated you to get involved in politics, perhaps the desire for a political post?

[Ochoa Antich] Quite the contrary. At that time people were real dreamers. I belong to a generation that inherited the mantle of the sixties.

He did not live the life of the sixties completely, but he felt the effects of those years, which, after 1968, wrought a huge change in the history of humanity all over the world. Those years saw the French May, the invasion of Czechoslovakia, the end of the Beatles, the student struggles in the United States and in Venezuela as well, the division of the Communist Party and the birth of the MAS as a new party, plus a boom in Latin American literature. As Enrique himself recalls: "These were years of much change and much transformation in the world. We were revolutionaries, poets, dreamers, and in general, that generation was distinguished for having had a dream that far exceeded its possibilities. Afterwards, we faced the harsh reality that things were not exactly the way we had dreamed them. I, in particular, was not sure whether I was going to go into politics; I used to write, I have an unpublished novel, I play the guitar, I write songs, I remember that I traveled, I hitchhiked all over Europe in 1975."

[Franco] Have you been described as a bohemian?

[Ochoa Antich] Yes, at one time I was, but then I got totally involved in politics, and now I have thrown myself into political affairs entirely, but of course, I have always had a tremendous spiritual emphasis. I could not engage in this activity if there were not a spiritual emphasis. Politics for the sake of politics, power for the sake of power—that does not matter to me in the slightest.

[Franco] Because of your age, one would assume that you were not involved in guerrilla movements.

[Ochoa Antich] No.

[Franco] But what about the rock throwers, during your high school days?

[Ochoa Antich] No, never. I have never thrown a rock in my life. At that time I belonged to a leftist movement; the MAS was a radical leftist movement, but the MAS youth proposed rechanneling the student struggles, toward nonviolent struggles. In fact, one of the things I liked about the MAS was the idea of rejecting any violent means of attaining power and choosing peaceful means. What has distinguished me is the struggle for pacifism, for people's rights—that is precisely what attracted me to the MAS.

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Blood, Sweat, and Wrinkles

Enrique Ochoa Antich, current MAS secretary general, is now experiencing the freedom of divorce. He may be written up in some society magazine as the "bachelor" of the month. From his former marriage he has a grown daughter who lives in Paris. With his round glasses, "windows to the air," and his boyish, fresh-faced look, he has won the affection of the elderly, and perhaps of the young girls as well.

[Franco] Your battles for the retired, for pensioners, for people with kidney disease, for the defense of human rights, which date back to your days as a deputy, have put you in the headlines recently. What is your current view of all the struggles you have waged?

Enrique does not answer the question immediately, but reflects on his political experiences and beliefs. He discusses his earlier vision of building a party to take power, albeit through elections, "but in the final analysis, take it, and then reform or change—that is, the revolution we dreamed of bringing about in society—would come from above, to benefit the weakest, the most dispossessed, the poorest."

Ochoa Antich expresses regret that he dropped out of the university half way through his studies, when the MAS obtained unsatisfactory election results in 1983 and he was elected alternate deputy, to take office in 1984. "I got involved in Congress and the social struggle at that time. In 1982 and 1983 I was Teodoro Petkoff's secretary, in the first MAS presidential candidacy, because Jose Vicente Rangel was an independent candidate. The unsatisfactory election results really changed my approach to political activity. I decided that social political activity was necessary; that it was necessary to build from the ground up the changes we wanted to implement, and then to make progress after we were in power. We could not take power either by taking up arms or by running in elections, but rather by accumulating power in society, as we acquired the capacity for hegemony and leadership. And for that, it was necessary to engage in the social struggle."

The young secretary general, in his monologue, declares:

"If there is anything that distinguishes me, as well as many of the people in what is called the new MAS, I think it is precisely our conviction that political activity must be a testimony of life, and the social struggle also. If you say you must help the weakest people in society, you must show it with action, not with words."

Taking up the thread of the previous question again, Ochoa Antich states: "Actually, my first activity, perhaps the one best known to the public or the first one to be most heavily publicized, was precisely when I ceased to be a deputy. I lost the deputy seat after the Lusinchi administration, and when the Perez administration began I was not a deputy; I was simply a citizen, and I joined the struggle for human rights on 27 February 1989. At that time I founded or promoted the foundation of the Committee of Relatives of the 27 February Victims. It had never before been so clear to me that the democracy that I claimed to be defending was as capable of violating human rights as it proved to be on that occasion, massively and systematically. So from then on, since I was no longer a deputy but an activist in the MAS, I devoted myself wholeheartedly to the social struggle. Within the MAS, my activities became those of a dissident with respect to the party's political leadership. In fact, I had been a dissident since 1983, and I was never again elected to any position in the leadership bodies of the organization. By the time of the events of 27 February, I had been in disagreement with the opinions of the movement for five years. The fact is that I was not achieving political success, and when all is said and done, you get involved in political activity for the purpose of influencing events. If you do not manage to shape events in any way or participate in shaping them, then there is no point in being involved in political activity, and you should go into something else."

Although Enrique has once again avoided the question, it is clear that he is speaking from the heart, and that somehow he wants to provide some historical background for his actions, to explain the raison d'etre of things, before he gives a simple answer, something like showing himself to be human.

"I began to believe that I was no good at politics. In 1989, after the events of 27 February, I ran for secretary general of the MAS in Caracas, and I also lost. At that time, I remember going to Freddy Munoz, who has since left the MAS, and telling him: 'Look, Freddy, I have to admit the truth, that I am no good at politics, because I have been a dissident within the movement for five years now, trying to influence events, and I have lost every election in which I have run, so it must be that I am no good at this.' So we agreed to establish the MAS Human Rights Secretariat. It was the first party to establish such a secretariat, and I was experienced in it because of what happened on 27 February and because of previous activities in the area of human rights. And I proposed this secretariat somewhat as a refuge for myself, because I had reached the conclusion that I was no good at politics. I saw that struggle as kind of outmoded; I had decided to go back to school and get out of party activities in 1989-90."

That supposed refuge for Ochoa Antich became a focal point for many people to come with problems, whether housing, health, or traffic accidents; but the small office that had been assigned it did not have the necessary infrastructure. One of Enrique's dreams, now that he is secretary general of the MAS, is to restructure the Human Rights Secretariat and to put someone in charge of it with more resources. In his time, he devoted more energy to human rights violations by law enforcement agencies, and that was when the elderly, the pensioners came, and although he was not able to give them a lot of attention, he recognizes the work of Edgar Silva (currently an alternate deputy), whom he calls his brother.

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"He took charge of the pensioners' struggle completely as of November 1991. I participated as well, but in all fairness I must admit that the one who really did the work was Edgar Silva. People sometimes identify me with that work perhaps because my name is better known. We managed to turn human rights, and social security and pensioners' rights, into public issues. We began to devote ourselves entirely to that. I must say that perhaps two of the happiest moments in my life were my honeymoon, which I spent in southern Spain, and I was absolutely happy with my then-wife; and those two years of intense social struggle, beginning on 4 February, the moment when I decided to become a MAS dissident. I received such strong, warm support in the streets, I was invited to tour the country, and I made 48 trips in one year," emphasizes Enrique.

Honor in the Military

He notes that the coup attempts of 1992 marked the end of the old class alliance that existed between the bourgeoisie, the working class organized by Democratic Action, and the middle class, and posits that this is the great crisis of consensus in Venezuelan society, where there is no class alliance. "The last crisis between the middle class and the system was when the young officers of the Armed Forces concluded that their activity in the military was not what they wanted it to be. They were not there to carry Cecilia Matos' luggage; they were not there to kill and repress the people as they had done on 27 February, or to act as go-betweens in acts of corruption. A young officer saw Orlando Garcia cheat the military out of 200 million bolivares, and military officials proved it, my brother participated in that investigation. The military courts issued an arrest warrant, and Orlando Garcia left Miraflores and got on a plane and went to Madrid with Gardenia Martinez to enjoy the money—I could imagine what a young officer in the National Armed Forces (FAN) would feel, since he was there sacrificing his life and he saw how a Cuban could cheat the Army out of 200 million bolivares with impunity because he was a friend of the president. Those events led me to participate in the street activities, the demonstrations and protests."

Enrique Ochoa Antich is proud of the three times he was arrested during the Perez administration. The first time was when the "Mothers of 27 February" made a human chain around Miraflores; the second time was when the kidney patients had their treatment suspended, and they also went to the government palace; and the third time was for a pensioners' demonstration. He claims that his third arrest was an act of vengeance by then-Metropolitan Police Commander Vinicio Barrios Puche. He acknowledges that this sequence of events may have been the reason he emerged as the only MAS deputy to have won a single-deputy seat [uninominal] in Caracas.

"Now that I am secretary general, I have an obligation; the MAS is a government party. I would have liked very much to be secretary general with MAS as an opposition party. I would have been very happy if I had been elected secretary during the Perez administration. Obviously, there is greater responsibility in being a government party."

Enrique is aware of the consequences of his statements now; he feels that he must be more responsible, and he is obliged to be more cautious, given the commitment to the government. He says that one flaw in the system is that previous governments raised expectations that they could not fulfill. Expectations were built up around a government, rather than around productive employment in Venezuelan society or the progress of private businesses that could develop a competitive and productive economy. "Now that the pie has grown much smaller, each social sector wants—and with absolute justification—the fulfillment of the promises that were made. Part of that complaint is justified, such as the part about teachers' and doctors' salaries; but another part of the complaint is from the old, corrupt, lazy AD trade unionists, and we must fight that."

Ochoa Antich registers his complaint: "On four floors of the Health Ministry at Simon Bolivar Center, there are 180 cleaning ladies and 220 supervisors. How can you have 180 cleaning ladies for four floors?"

The Weight of Political Patronage

[Franco] When AD and Copei were in government, they fed the political patronage system, and that was how they grew. Today, with two new parties, the government is criticized for practicing political patronage. What do you think of that criticism?

[Ochoa Antich] That should not occur. I understand that the MAS is fully aware that it should not occur, and I trust that Convergence is aware as well.

[Franco] It should not happen, but it is happening!

[Ochoa Antich] Well, I do not know that exactly. I have the impression that if it is happening, it will never be on the scale that it was in the past, because there is simply no way to do it. In other words, people ask for a lot of jobs, but there is no way to give them; at one time, AD and Copei had the means to create artificial jobs left and right.

[Franco] Be that as it may, is it not tempting to encourage that patronage, to which previous governments have accustomed us, for the two movements like Convergence and the MAS that are in the government for the first time, so that they can have more power in the future?

[Ochoa Antich] No doubt that temptation exists, and that is what must be resisted. Now, what we have here is an ongoing struggle, hand-to-hand combat with the old political culture, day after day. Obviously, one assumes that if a party comes to power, there must be some essential positions that have to be filled by that party so that it can set a course for government action. But it

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should not repeat the political patronage phenomenon, and we must try to correct that, and if it is happening we will have to keep fighting it. I am confident that Venezuelan public opinion is sufficiently mature, and the mass media will continue exposing problems as they occur, and the MAS will be most willing to receive and process such complaints and to try to air these issues as openly as possible in the government.

MAS Convergence

[Franco] Convergence and the MAS are now in government, yet one assumes that they will want to run again in the upcoming elections, although right now neither of the groups appears to have a viable presidential candidate. Who will absorb whom now?

[Ochoa Antich] I think there is a relationship that we want to favor and to make positive. First, the MAS' relationship with the government: The MAS National Convention declared its full support for the government. It will be a critical support; often the best solidarity and support one can give is timely criticism. We want to be the government's privileged interlocutors in society, but we also want to be society's interlocutors in government, and to fulfill our duty to convince the man in the street to accept the government's measures, to convert the president's popularity into a consensus in favor of the government's work, but at the same time to bring the hopes and dreams of the people to the highest tribunal. Now, with Convergence, our goal is to strengthen ties. I think each of us has a sufficiently well-defined profile, fortunately, although we, unfortunately, are more a traditional party than a movement. But the purpose of this new MAS that is emerging, and this new leadership, is to make us once more a movement of movements, open to society, less a traditional party, so that it will no longer be what political parties are in Venezuela, a kind of trade union of politicians, and will become a group of social strugglers. That is why this relationship with Convergence and the rest of the "chiriperos" [members of several small parties supporting Caldera] is so important. We are going to hold meetings on the first Friday of every month with all of the forces that support President Caldera's administration. We are going to promote this rapprochement. The initiative has come from Juan Jose Caldera and from me. We have already held the first meeting, and we are going to continue holding them. We also want to establish closer ties for 1995. The principal alliance that will occur is with Convergence, although other circumstantial alliances may arise. Any type of alliance in any part of the country with AD or Copei is out of the question, that is a decision we have already made.

"*En puno cerrado no entran moscas*" ["Flies will not enter a clenched fist: " a play on a proverb about discretion; a clenched fist is a symbol of the MAS].

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